

**MERGER AGREEMENT AND  
PLAN OF REORGANIZATION**

BY AND AMONG

**BROADCOM CORPORATION**

AND

**PIVOTAL TECHNOLOGIES CORP.**

Dated as of May 1, 2000

## TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1 THE MERGER.....	2
1.1 The Merger. ....	2
1.2 Effective Time. ....	2
1.3 Effect of the Merger on Constituent Corporations. ....	2
1.4 Articles of Incorporation and By-Laws of Surviving Corporation.....	3
1.5 Directors and Officers of Surviving Corporation.....	3
1.6 Maximum Number of Shares of Broadcom Common Stock to be Issued; Effect on Outstanding Securities of the Company. ....	3
1.7 Dissenting Shares.....	5
1.8 Exchange Procedures.....	6
1.9 No Further Ownership Rights in Company Capital Stock. ....	8
1.10 Lost, Stolen or Destroyed Certificates.....	8
1.11 Exemption From Registration; California Permit.....	8
1.12 Taking of Necessary Action; Further Action.....	8
ARTICLE 2 REPRESENTATIONS AND WARRANTIES OF THE COMPANY.....	9
2.1 Organization and Qualification.....	9
2.2 Authority Relative to this Agreement.....	9
2.3 Capital Stock.....	10
2.4 No Subsidiaries.....	11
2.5 Directors and Officers.....	11
2.6 No Conflicts.....	11
2.7 Books and Records; Organizational Documents. ....	12
2.8 Company Financial Statements. ....	12
2.9 Absence of Changes. ....	13

2.10	No Undisclosed Liabilities.....	17
2.11	Taxes.....	17
2.12	Legal Proceedings.....	19
2.13	Compliance with Laws and Orders.....	20
2.14	Plans; ERISA.....	20
2.15	Title to Assets.....	22
2.16	Intellectual Property.....	24
2.17	Contracts.....	28
2.18	Insurance.....	29
2.19	Affiliate Transactions.....	30
2.20	Employees; Labor Relations.....	30
2.21	Environmental Matters.....	31
2.22	Substantial Customers and Suppliers.....	32
2.23	Other Negotiations; Brokers; Third Party Expenses.....	33
2.24	Banks and Brokerage Accounts.....	33
2.25	Warranty Obligations.....	33
2.26	Foreign Corrupt Practices Act.....	34
2.27	Pooling of Interests; Tax-Free Reorganization.....	34
2.28	Financial Projections.....	34
2.29	Approvals.....	34
2.30	Takeover Statutes.....	35
2.31	Information Supplied by the Company.....	35
2.32	Disclosure.....	36

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF BROADCOM .....	36
3.1 Organization and Qualification.....	36
3.2 Authority Relative to this Agreement.....	37
3.3 Issuance of Broadcom Common Stock.....	37
3.4 SEC Documents; Broadcom Financial Statements.....	37
3.5 No Conflicts.....	38
3.6 Information to be Supplied by Broadcom. ....	38
3.7 Investment Advisors. ....	39
3.8 Tax-Free Reorganization. ....	39
3.9 Approvals.....	39
ARTICLE 4 CONDUCT PRIOR TO THE EFFECTIVE TIME .....	39
4.1 Conduct of Business of the Company. ....	40
4.2 No Solicitation.....	40
ARTICLE 5 ADDITIONAL AGREEMENTS.....	41
5.1 Information Statement; Permit Application; Registration Statement.....	41
5.2 Stockholder Approval.....	43
5.3 Access to Information.....	43
5.4 Confidentiality.....	44
5.5 Expenses.....	44
5.6 Public Disclosure.....	45
5.7 Approvals.....	45
5.8 Notification of Certain Matters.....	45
5.9 Pooling of Interests Accounting. ....	45
5.10 Company Affiliate Agreements.....	45
5.11 Broadcom Affiliate Agreements.....	45

5.12	Additional Documents and Further Assurances. ....	46
5.13	Indemnification. ....	46
5.14	Form S-8. ....	46
5.15	NNM Listing of Additional Shares Application. ....	46
5.16	Company's Auditors. ....	46
5.17	Termination of 401(k) Plan. ....	47
5.18	Takeover Statutes. ....	47
5.19	Additional Affiliate Agreements. ....	47
5.20	Treatment as Reorganization. ....	47
5.21	Company Repurchases. ....	47
5.22	Information Technology Access. ....	

# MERGER AGREEMENT AND PLAN OF REORGANIZATION

This MERGER AGREEMENT AND PLAN OF REORGANIZATION is made and entered into as of May 1, 2000, by and among Broadcom Corporation, a California corporation ("Broadcom"), and Pivotal Technologies Corp., a Delaware corporation (the "Company"), and with respect to Section 7.2 only, Jonathan Feiber, as Stockholder Representative, and U.S. Stock Transfer Corporation, as Depositary Agent. Capitalized terms used and not otherwise defined herein have the meanings set forth in Article 10.

## RECITALS

A. The Boards of Directors of each of Broadcom and the Company believe it is in the best interests of Broadcom and the Company (as applicable) and their respective shareholders that Broadcom acquire the Company through the merger of the Company with and into Broadcom (the "Merger") and, in furtherance thereof, have approved and declared advisable the Merger, this Agreement and the transactions contemplated hereby.

B. Pursuant to the Merger, among other things, and subject to the terms and conditions of this Agreement, (i) all of the shares of capital stock of the Company which are issued and outstanding immediately prior to the Effective Time of the Merger shall be converted into the right to receive shares of Class B common stock, par value \$.0001 per share, of Broadcom ("Broadcom Common Stock"), and (ii) all Company Options then outstanding (whether vested or unvested) will become exercisable for Broadcom Common Stock, on the terms and subject to the conditions set forth herein.

C. As an inducement to Broadcom to enter into this Agreement, certain stockholders of the Company ("Major Stockholders") have concurrently herewith entered (i) into Support Agreements with Broadcom in substantially the form attached hereto as Exhibit A ("Support Agreements") pursuant to which, among other things, such stockholders have agreed to vote the shares of Company Capital Stock owned by them in favor of the Merger and (ii) Company Affiliate Agreements in substantially the form attached hereto as Exhibit B ("Company Affiliate Agreements") pursuant to which, among other things, such stockholders have agreed to refrain from selling shares of Broadcom Common Equity during a specified period prior to and following consummation of the Merger.

D. As a further inducement to Broadcom to enter into this Agreement, certain employees of the Company will enter into Non-Competition Agreements substantially in the form attached hereto as Exhibit C (the "Non-Competition Agreements"), each of which shall become effective at the Effective Time.

E. Broadcom and the Company intend that the Merger shall (i) constitute a reorganization within the meaning of Section 368(a) of the Code, and in furtherance thereof intend that this Agreement shall be a "Plan of Reorganization" within the meaning of

Sections 354(a) and 361(a) of the Code, and (ii) qualify as a Pooling of Interests, reportable as a Pooling of Interests of the Company and Broadcom for financial accounting purposes by Broadcom from and after the Closing.

F. The Company and Broadcom desire to make certain representations, warranties, covenants and agreements in connection with the Merger.

G. A portion of the shares of Broadcom Common Stock otherwise issuable or reserved for issuance by Broadcom in connection with the Merger shall be placed in escrow by Broadcom, the release of which amount shall be contingent upon certain events and conditions, all as set forth in Article 7 herein.

NOW, THEREFORE, in consideration of the covenants, promises, representations and warranties set forth herein, intending to be legally bound hereby, the parties agree as follows:

## **ARTICLE 1 THE MERGER**

1.1 The Merger. At the Effective Time and subject to and upon the terms and conditions of this Agreement and the applicable provisions of the California Code and Delaware Law, the Company shall be merged with and into Broadcom, the separate corporate existence of the Company shall cease, and Broadcom shall continue as the surviving corporation. Broadcom is sometimes referred to herein as the "Surviving Corporation."

1.2 Effective Time. Unless this Agreement is earlier terminated pursuant to Section 8.1, the closing of the Merger (the "Closing") will take place as promptly as practicable, but no later than five Business Days following satisfaction or waiver of the conditions set forth in Article 7 but no earlier than May 31, 2000, and in no event on any date other than May 31, 2000 or August 31, 2000, at the offices of Brobeck, Phleger & Harrison LLP, 38 Technology Drive, Irvine, California 92618, unless another place or time is agreed to by Broadcom and the Company. The date upon which the Closing actually occurs is herein referred to as the "Closing Date." On the Closing Date, the parties hereto shall cause the Merger to be consummated by filing a California Agreement of Merger (or like instrument), in substantially the form attached hereto as Exhibit D (the "California Agreement of Merger"), with the Secretary of State of the State of California, and the filing of a Certificate of Merger (or like instrument), in substantially the form attached hereto as Exhibit E (the "Certificate of Merger"), with the Secretary of State of the State of Delaware, in each case in accordance with the relevant provisions of applicable law (the time of acceptance by the Secretary of State of the State of California of such filing or such later time as may be agreed to by the parties and set forth in the Agreement of Merger being referred to herein as the "Effective Time").

1.3 Effect of the Merger on Constituent Corporations. At the Effective Time, the effect of the Merger shall be as provided in the applicable provisions of Delaware Law. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, all the property, rights, privileges, powers and franchises of Broadcom and the Company

shall vest in the Surviving Corporation, and all debts, liabilities, obligations, restrictions, disabilities and duties of Broadcom and the Company shall become the debts, liabilities, obligations, restrictions, disabilities and duties of the Surviving Corporation.

**1.4 Articles of Incorporation and By-Laws of Surviving Corporation.**

(a) At the Effective Time, the articles of incorporation of Broadcom, as in effect immediately prior to the Effective Time, shall be the articles of incorporation of the Surviving Corporation until thereafter amended as provided by law and such articles of incorporation and by-laws of the Surviving Corporation.

(b) The by-laws of Broadcom, as in effect immediately prior to the Effective Time, shall be the by-laws of the Surviving Corporation until thereafter amended as provided by such by-laws, the articles of incorporation and applicable law.

**1.5 Directors and Officers of Surviving Corporation.** The directors of Broadcom immediately prior to the Effective Time shall be the directors of the Surviving Corporation, each to hold office in accordance with the articles of incorporation and by-laws of the Surviving Corporation. The officers of Broadcom immediately prior to the Effective Time shall be the officers of the Surviving Corporation, each to hold office in accordance with the by-laws of the Surviving Corporation.

**1.6 Maximum Number of Shares of Broadcom Common Stock to be Issued; Effect on Outstanding Securities of the Company.** The maximum number of shares of Broadcom Common Stock to be issued (including Broadcom Common Stock to be reserved for issuance upon exercise of any Company Options to be assumed by Broadcom as provided herein) in exchange for the acquisition by Broadcom of all shares of Company Capital Stock which are issued and outstanding immediately prior to the Effective Time and all vested and unvested Company Options which are then outstanding shall be the Aggregate Share Number. No adjustment shall be made in the number of shares of Broadcom Common Stock issued in the Merger as a result of any consideration (in any form whatsoever) received by the Company from the date hereof to the Effective Time as a result of any exercise, conversion or exchange of Company Options or Company Warrants. On the terms and subject to the conditions of this Agreement, at the Effective Time, by virtue of the Merger and without any action on the part of Broadcom, the Company or the holder of any shares of the Company Capital Stock or Company Options the following shall occur:

(a) **Conversion of Company Common Stock.** Each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (other than any shares of Company Common Stock to be canceled pursuant to Section 1.6(b) and any Dissenting Shares (as provided in Section 1.7)) will be cancelled and extinguished and each share of Company Common Stock which is issued and outstanding immediately prior to the Effective Time shall be converted automatically into the right to receive, following the expiration or early termination of any waiting period under the HSR Act which is applicable to the holder of such share, that number of shares of Broadcom Common Stock equal to the Exchange Ratio rounded down to the nearest whole share of Broadcom Common Stock.



(b) Cancellation of Broadcom-Owned and Company-Owned Stock. Each share of Company Capital Stock owned by Broadcom or the Company or any Subsidiary of Broadcom or the Company immediately prior to the Effective Time shall be automatically canceled and extinguished without any conversion thereof and without any further action on the part of Broadcom or the Company.

(c) Company Options and Company Stock Plan. All unexpired and unexercised Company Options, then outstanding, whether vested or unvested, together with the Company Stock Plan, shall be assumed by Broadcom in accordance with provisions described below.

(i) At the Effective Time, each unexpired and unexercised Company Option then outstanding, whether vested or unvested, shall be, in connection with the Merger, assumed by Broadcom, together with the Company Stock Plan. Each Company Option so assumed by Broadcom under this Agreement shall continue to have, and be subject to, the same terms and conditions as were applicable to such Company Option immediately prior to the Effective Time (including, but not limited to, any repurchase rights or vesting provisions), provided that (I) such Company Option shall be exercisable for that number of whole shares of Broadcom Common Stock equal to the product of the number of shares of Company Capital Stock that were issuable upon exercise of such Company Option immediately prior to the Effective Time multiplied by the Exchange Ratio (rounded down to the nearest whole number of shares of Broadcom Common Stock) and (II) the per share exercise price for the shares of Broadcom Common Stock issuable upon exercise of such assumed Company Option shall be equal to the quotient determined by dividing the exercise price per share of Company Capital Stock at which such Company Option was exercisable immediately prior to the Effective Time by the Exchange Ratio (rounded up to the nearest whole cent). Promptly after the Effective Time, Broadcom shall issue to each holder of an outstanding Company Option a document evidencing the foregoing assumption by Broadcom.

(ii) It is the intention of the parties that the Company Options assumed by Broadcom shall qualify following the Effective Time as incentive stock options as defined in Section 422 of the Code to the same extent the Company Options qualified as incentive stock options immediately prior to the Effective Time and the provisions of this Section 1.6(c) shall be applied consistent with this intent. Following the Effective Time, Broadcom shall use its commercially reasonable efforts not to take any actions that would jeopardize the treatment as incentive stock options of any such Company Options that qualified as incentive stock options immediately prior to the Effective Time.

(iii) Promptly following the Effective Time, Broadcom will issue to each holder of an unexpired and unexercised Company Option an instrument evidencing the foregoing assumption of such Company Option by Broadcom.

(iv) At the Effective Time, Broadcom shall assume the Company's obligations, and shall be assigned the Company's repurchase rights and purchase options, under any agreement governing the terms of Company Restricted Stock and the other Restricted Stock Purchase Agreements listed on Schedule 1.6(c)(iv) of the Disclosure Schedule, true and correct copies of which have been made available by the Company to

Broadcom. Except as set forth in Section 1.6(c)(iv) of the Company Disclosure Schedule, any and all restrictions on the Company Restricted Stock issued pursuant to the Company Stock Plan or such other agreements which do not lapse in accordance with their terms (as in effect on April 7, 2000) shall continue in full force and effect until such restrictions lapse pursuant to the terms of such agreements, and any repurchase rights or repurchase options which the Company has with respect to the Company Restricted Stock shall also continue in full force and effect.

(v) Broadcom will reserve sufficient shares of Broadcom Common Stock for issuance pursuant to this Section 1.6(c).

(d) Adjustments to Exchange Ratio. The Exchange Ratio shall be equitably adjusted to reflect fully the effect of any stock split, reverse split, stock combination, stock dividend (including any dividend or distribution of securities convertible into Broadcom Common Stock or Company Capital Stock), reorganization, reclassification, recapitalization or other like change with respect to Broadcom Common Stock or Company Capital Stock the effective date of which occurs on or after the date hereof and prior to the Effective Time.

(e) Fractional Shares. No fraction of a share of Broadcom Common Stock will be issued in the Merger, but in lieu thereof, each holder of shares of Company Capital Stock who would otherwise be entitled to a fraction of a share of Broadcom Common Stock (after aggregating all fractional shares of Broadcom Common Stock to be received by such holder) shall be entitled to receive from Broadcom an amount of cash (rounded to the nearest whole cent) equal to the product of (a) such fraction, multiplied by (b) the Closing Price.

(f) Capital Stock of Broadcom. Each share of Broadcom Common Stock and Class A Common Stock of Broadcom issued and outstanding immediately prior to the Effective Time shall remain outstanding as one validly issued, fully paid and nonassessable share of common stock of Broadcom Common Stock or Class A Common Stock, respectively, of the Surviving Corporation. From and after the Effective Time, each share certificate of Broadcom theretofore evidencing ownership of any such shares shall continue to evidence ownership of such shares of capital stock of the Surviving Corporation.

#### 1.7 Dissenting Shares.

(a) Notwithstanding any provision of this Agreement to the contrary, any shares of Company Capital Stock held by a holder who has demanded and perfected appraisal rights for such shares in accordance with Delaware Law or the California Code and who, as of the Effective Time, has not effectively withdrawn or lost such appraisal or dissenters' rights ("Dissenting Shares") shall not be converted into or represent a right to receive Broadcom Common Stock pursuant to Section 1.6, but the holder thereof shall only be entitled to such rights as are granted by the Delaware Law and the California Code, as applicable.

(b) Notwithstanding the provisions of Section 1.7(a) above, if any holder of shares of Company Capital Stock who demands appraisal of such shares under Delaware Law or the California Code shall effectively withdraw or lose (through failure to perfect or otherwise) the right to appraisal, then, as of the later of (i) the Effective Time or (ii) the occurrence of such event, such holder's shares shall automatically be converted into and represent only the right to receive Broadcom Common Stock as provided in Section 1.6, without interest thereon, upon surrender to the Company of the certificate representing such shares in accordance with Section 1.8 of this Agreement.

(c) The Company shall give Broadcom (i) prompt notice of its receipt of any written demands for appraisal of any shares of Company Capital Stock, withdrawals of such demands, and any other instruments relating to the Merger served pursuant to Delaware Law or the California Code and received by the Company and (ii) the opportunity to participate in all negotiations and proceedings with respect to demands for appraisal under Delaware Law or the California Code. The Company shall not, except with the prior written consent of Broadcom or as may be required under applicable law, voluntarily make any payment with respect to any demands for appraisal of Company Capital Stock or offer to settle or settle any such demands.

#### 1.8 Exchange Procedures.

(a) Broadcom Common Stock. On the Closing Date, Broadcom shall deposit with the Exchange Agent for exchange in accordance with this Article 1, the aggregate number of shares of Broadcom Common Stock issuable in exchange for outstanding shares of Company Capital Stock; *provided, however*, that, on behalf of the holders of Company Capital Stock, Broadcom shall deposit into an escrow account a number of shares of Broadcom Common Stock equal to the Escrow Amount. The portion of the Escrow Amount contributed on behalf of each holder of Company Capital Stock shall be in proportion to the aggregate number of shares of Broadcom Common Stock which such holder would otherwise be entitled to receive by virtue of ownership of outstanding shares of Company Capital Stock.

(b) Exchange Procedures. As soon as practicable after the Effective Time, the Surviving Corporation shall cause to be mailed to each holder of record of a certificate or certificates which immediately prior to the Effective Time represented outstanding shares of Company Capital Stock (the "Certificates") and which shares were converted into the right to receive shares of Broadcom Common Stock pursuant to Section 1.6, (i) a letter of transmittal in customary form (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon delivery of the Certificates to the Exchange Agent and shall be in such form and have such other provisions as Broadcom may reasonably specify) and (ii) instructions for use in effecting the surrender of the Certificates in exchange for certificates representing shares of Broadcom Common Stock and cash in lieu of fractional shares. Upon surrender of a Certificate for cancellation to the Exchange Agent or to such other agent or agents as may be appointed by Broadcom, together with such letter of transmittal, duly completed and validly executed in accordance

with the instructions thereto, the holder of such Certificate shall be entitled to receive in exchange therefor a certificate representing the number of whole shares of Broadcom Common Stock (less the number of shares of Broadcom Common Stock to be deposited in the Escrow Fund on such holder's behalf pursuant to Article 7 hereof), to which such holder is entitled pursuant to Section 1.6 and cash in lieu of fractional shares to which such holder is entitled pursuant to Section 1.6(e), and the Certificate so surrendered shall be canceled. As soon as practicable after the Effective Time, and subject to and in accordance with the provisions of Article 7 hereof, Broadcom shall cause to be distributed to the Depositary Agent a certificate or certificates (in such denominations as may be requested by the Depositary Agent) representing that number of shares of Broadcom Common Stock equal to the Escrow Amount, which certificate shall be registered in the name of the Depositary Agent. Such shares shall be beneficially owned by the holders on whose behalf such shares were deposited in the Escrow Fund and shall be available to compensate Broadcom as provided in Article 7. Until surrendered, each outstanding Certificate that, prior to the Effective Time, represented shares of Company Capital Stock will be deemed from and after the Effective Time, for all corporate purposes, other than the payment of dividends, to evidence the ownership of the number of full shares of Broadcom Common Stock into which such shares of Company Capital Stock shall have been so converted (subject only to, if applicable, the expiration or early termination of any waiting period under the HSR Act which is applicable to the holder of such shares) and cash in lieu of fractional shares.

(c) Distributions With Respect to Unexchanged Shares of Company Capital Stock. No dividends or other distributions with respect to Broadcom Common Stock declared or made after the Effective Time and with a record date after the Effective Time will be paid to the holder of any unsurrendered Certificate with respect to the shares of Broadcom Common Stock represented thereby until the holder of record of such Certificate shall surrender such Certificate. Subject to applicable law, following surrender of any such Certificate, there shall be paid to the record holder of the certificates representing whole shares of Broadcom Common Stock issued in exchange therefor, without interest, at the time of such surrender, the amount of dividends or other distributions with a record date after the Effective Time theretofore payable (but for the provisions of this Section 1.8(c)) with respect to such whole shares of Broadcom Common Stock.

(d) Transfers of Ownership. If any certificate for shares of Broadcom Common Stock is to be issued pursuant to the Merger in a name other than that in which the Certificate surrendered in exchange therefor is registered, it will be a condition of the issuance thereof that the Certificate so surrendered will be properly endorsed and otherwise in proper form for transfer and that the person requesting such exchange will have paid to Broadcom or any agent designated by it any transfer or other taxes required by reason of the issuance of a certificate for shares of Broadcom Common Stock in any name other than that of the registered holder of the Certificate surrendered, or established to the satisfaction of Broadcom or any agent designated by it that such tax has been paid or is not payable.

1.9 No Further Ownership Rights in Company Capital Stock. All shares of Broadcom Common Stock issued upon the surrender for exchange of shares of Company Capital Stock in accordance with the terms hereof (including any cash in lieu of fractional shares) shall be deemed to have been issued in full satisfaction of all rights pertaining to such shares of Company Capital Stock, and there shall be no further registration of transfers on the records of the Company of shares of Company Capital Stock which were outstanding immediately prior to the Effective Time. If, after the Effective Time, Certificates are presented to the Surviving Corporation for any reason, they shall be canceled and exchanged as provided in this Article 1.

1.10 Lost, Stolen or Destroyed Certificates. In the event any certificates evidencing shares of Company Capital Stock shall have been lost, stolen or destroyed, the Exchange Agent shall issue certificates representing such shares of Broadcom Common Stock in exchange for such lost, stolen or destroyed Certificates, upon the making of an affidavit of that fact by the holder thereof; *provided, however*, that Broadcom or the Exchange Agent may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed Certificates to provide an indemnity or deliver a bond in such sum as it may reasonably direct as indemnity against any claim that may be made against Broadcom or the Exchange Agent with respect to the Certificates alleged to have been lost, stolen or destroyed.

1.11 Exemption From Registration; California Permit Broadcom and the Company intend that the shares of Broadcom Common Stock to be issued pursuant to Section 1.6 in connection with the Merger will be issued in a transaction exempt from registration under the Securities Act of 1933, as amended (including the rules and regulations promulgated thereunder, the "Securities Act"), by reason of Section 3(a)(10) thereof. Broadcom and the Company intend that the shares of Broadcom Common Stock to be issued pursuant to Section 1.6 in connection with the Merger will be qualified under the California Code, pursuant to Section 25121 thereof, after a fairness hearing has been held by the Commissioner of Corporations of the State of California, pursuant to the authority granted by Section 25142 of such law (the "Fairness Hearing"), and such Fairness Hearing shall also address the assumption by Broadcom of all Company Options pursuant to Section 1.6 hereof.

(ii) If, after the Fairness Hearing, a California Permit is not issued for the shares of Broadcom Common Stock to be issued in connection with the Merger, such shares will be registered for resale under a Registration Statement on Form S-4 (together with all amendments and supplements thereto, the "Registration Statement"), which shall be filed by the parties in accordance with Section 5.1(c) of this Agreement.

1.12 Taking of Necessary Action; Further Action. If, at any time after the Effective Time, any such further action is necessary or desirable to carry out the purposes of this Agreement and or to vest the Surviving Corporation with full right, title and possession to all assets, property, rights, privileges, powers and franchises of the Company, or to effect the assignment to the Company of any and all Company Intellectual Property created by a founder, employee or consultant of the Company (including Intellectual Property created by any of the Company's founders prior to the creation of the Company), or to complete and prosecute all domestic and foreign patent filings related to such Company Intellectual

Property, the officers and directors of the Surviving Corporation are fully authorized to take, and will use their reasonable efforts to take, all such lawful and necessary action.

## ARTICLE 2 REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to Broadcom, subject to such exceptions as are specifically disclosed with respect to specific numbered and lettered sections and subsections of this Article 2 in the disclosure schedule and schedule of exceptions (the "Company Disclosure Schedule") delivered herewith and dated as of the date hereof, and numbered with corresponding numbered and lettered sections and subsections, as follows:

2.1 Organization and Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation, and has full corporate power and authority to conduct its business as now conducted and as currently proposed to be conducted and to own, use, license and lease its Assets and Properties. The Company is duly qualified, licensed or admitted to do business and is in good standing as a foreign corporation in each jurisdiction in which the ownership, use, licensing or leasing of its Assets and Properties, or the conduct or nature of its business, makes such qualification, licensing or admission necessary, except for such failures to be so duly qualified, licensed or admitted and in good standing that would not reasonably be expected to have a material adverse effect on the Business or Condition of the Company. Section 2.1 of the Company Disclosure Schedule sets forth each jurisdiction where the Company is so qualified, licensed or admitted to do business and separately lists each other jurisdiction in which the Company owns, uses, licenses or leases its Assets and Properties, or conducts business or has employees or engages independent contractors.

2.2 Authority Relative to this Agreement. Subject only to the requisite approval of the Merger and this Agreement by the stockholders of the Company, the Company has full corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The Company's Board of Directors has approved this Agreement and declared its advisability. The execution and delivery by the Company of this Agreement and the other agreements attached hereto as exhibits (the "Ancillary Agreements") to which the Company is a party and the consummation by the Company of the transactions contemplated hereby and thereby, and the performance by the Company of its obligations hereunder and thereunder, have been duly and validly authorized by all necessary action by the Board of Directors of the Company, and no other action on the part of the Board of Directors of the Company is required to authorize the execution, delivery and performance of this Agreement and the Ancillary Agreements to which the Company is a party and the consummation by the Company of the transactions contemplated hereby and thereby. This Agreement and the Ancillary Agreements to which the Company is a party have been or will be, as applicable, duly and validly executed and delivered by the Company and, assuming the due authorization, execution and delivery by Broadcom, each constitutes or will constitute, as applicable, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its respective terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or

other similar Laws relating to the enforcement of creditors' rights generally and by general principles of equity.

2.3 Capital Stock. The authorized capital stock of the Company consists only of 25,000,000 shares of Common Stock (the "Company Common Stock"), of which 12,840,858 shares of Common Stock are issued and outstanding as of the date hereof, and 6,783,170 shares of Preferred Stock (the "Company Preferred Stock"). The designation and status of the Company Preferred Stock is as follows: (i) 4,090,000 shares are designated as Series A Preferred Stock (the "Series A Preferred Stock"), 4,000,000 of which are issued and outstanding as of the date hereof, (ii) 2,693,170 shares are designated as Series B Preferred Stock (the "Series B Preferred Stock"), and 2,693,170 of which are issued and outstanding as of the date hereof. All of the issued and outstanding shares of Company Common Stock and Company Preferred Stock are validly issued, fully paid and nonassessable, and have been issued in compliance with all applicable federal, state and foreign securities Laws. Except as set forth in Section 2.3 of the Company Disclosure Schedule, no shares of Company Common Stock or Company Preferred Stock are held in treasury or are authorized or reserved for issuance and no Options, warrants or other rights to purchase shares of Company Capital Stock are outstanding. Section 2.3 of the Company Disclosure Schedule lists the name and state of residence of each holder of Company Common Stock and Company Preferred Stock provided to the Company by such holder. With respect to any Company Common Stock or Company Preferred Stock that has been issued subject to a repurchase option on the part of the Company, Section 2.3 of the Company Disclosure Schedule sets forth the holder thereof, the number and type of securities covered thereby, and the vesting schedule thereof (including a description of the circumstances under which such vesting schedule can or will be accelerated). Except as set forth in Section 2.3 of the Company Disclosure Schedule, there are no outstanding Company Options, Company Warrants, Company Stock Purchase Rights, Restricted Stock Purchase Agreement or shares of Company Restricted Stock or agreements, arrangements or understandings to which the Company is a party (written or oral) to issue any Options with respect to the Company and there are no preemptive rights or agreements, arrangements or understandings to issue preemptive rights with respect to the issuance or sale of Company Capital Stock created by statute, the certificate of incorporation or by-laws of the Company, or any agreement or other arrangement to which the Company is a party or to which it is bound and there are no agreements, arrangements or understandings to which the Company is a party (written or oral) pursuant to which the Company has the right to elect to satisfy any Liability by issuing Company Common Stock or Equity Equivalents. With respect to each Company Option, Company Warrant and Company Stock Purchase Right, Section 2.3 of the Company Disclosure Schedule sets forth the holder thereof, the number and type of securities issuable thereunder, and, if applicable, the exercise price therefor, the exercise period and vesting schedule thereof (including a description of the circumstances under which such vesting schedule can or will be accelerated). All of the Company Options, Company Warrants and Company Stock Purchase Rights were issued in compliance with all applicable federal, state and foreign securities Laws. The terms of the Company Stock Plan and the applicable stock option agreements related to the outstanding Company Options permit the assumption or substitution of options to purchase Broadcom Common Stock as provided in this Agreement, without the consent or approval of the holders of such securities, Company Stockholders' Action or otherwise and without any acceleration of the

exercise schedule or vesting provisions in effect for those options. True and complete copies of all agreements and instruments relating to or issued under the Company Stock Plan have been provided to Broadcom and such agreements and instruments have not been amended, modified or supplemented, and there are no agreements to amend, modify or supplement such agreements or instruments in any case from the form provided to Broadcom. Except for the Support Agreements, the Company is not a party or subject to any agreement or understanding, and, to the Company's knowledge, there is no agreement, arrangement or understanding between or among any Persons which affects, restricts or relates to voting, giving of written consents, dividend rights or transferability of shares with respect to the Company Capital Stock, including without limitation any voting trust agreement or proxy. No debt securities of the Company are issued and outstanding.

2.4 No Subsidiaries. The Company has no (and prior to the Closing will have no) Subsidiaries and does not (and prior to the Closing will not) otherwise hold any equity, membership, partnership, joint venture or other ownership interest in any Person.

2.5 Directors and Officers. The name of each director and officer of the Company on the date hereof, and his or her position with the Company, are listed in Section 2.5 of the Company Disclosure Schedule.

2.6 No Conflicts. The execution and delivery by the Company of this Agreement does not, the performance by the Company of its obligations under this Agreement and the consummation of the transactions contemplated hereby do not and will not:

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of the certificate of incorporation or by-laws of the Company;

(b) subject to obtaining the consents, approvals and actions, making the filings and giving the notices disclosed in Section 2.6 of the Company Disclosure Schedule, if any, conflict with or result in a violation or breach of any Law or Order applicable to the Company or any of its Assets and Properties, except for such consents, approvals, actions, filings or notices the failure to receive, take, make, obtain or receive would not reasonably be expected to have a material adverse effect on the Business or Condition of the Company (provided that the foregoing exception shall not apply with respect to any consents, approvals, actions, filings or notices that are required with respect to Company Intellectual Property that (i) is presently embodied, or is proposed to be embodied, in the Company's products or (ii) constitutes a development tool or design environment); or

(c) except as disclosed in Section 2.6 of the Company Disclosure Schedule, (i) conflict with or result in a violation or breach of, (ii) constitute a default (or an event that, with or without notice or lapse of time or both, would constitute a default) under, (iii) require the Company to obtain any consent, approval or action of, make any filing with or give any notice to any Person as a result or under the terms of (except for (I) the filing of the Certificate of Merger and the California Agreement of Merger, together with the required officer's certificate; (II) such consents approvals, orders, authorizations, registrations, declarations and filings as



may be required under applicable state or federal securities laws; and (III) such filings as may be required under the HSR Act), (iv) result in or give to any Person any right of termination, cancellation, acceleration or modification in or with respect to, (v) result in or give to any Person any additional rights or entitlement to increased, additional, accelerated or guaranteed payments or performance under, (vi) result in the creation or imposition of (or the obligation to create or impose) any Lien upon the Company or any of its Assets and Properties under or (vii) result in the loss of a material benefit under, any of the terms, conditions or provisions of any Contract or License to which the Company is a party or by which any of the Company's Assets and Properties is bound, except any such conflicts, violations, breaches, defaults (or events that, with or without the passage of time or both, would constitute a default), consents, approvals, actions, filings or notices the failure to receive, take, make or give would not, either individually or in the aggregate, be reasonably expected to have a material adverse effect on the Business or Condition of the Company (provided that the foregoing exception shall not apply with respect to any consents, approvals, actions, filings or notices that are required with respect to Company Intellectual Property that (i) is presently embodied, or is proposed to be embodied, in the Company's products or (ii) constitutes a development tool or design environment).

2.7 Books and Records; Organizational Documents. The minute books and stock record books and other similar records of the Company have been provided or made available to Broadcom or its counsel prior to the execution of this Agreement, are complete and correct in all respects and have been maintained in accordance with sound business practices. Such minute books contain a true and complete record of all actions taken at all meetings and by all written consents in lieu of meetings of the directors, stockholders and committees of the Board of Directors of the Company from the date of the Company's incorporation through the date hereof. The Company has prior to the execution of this Agreement delivered to Broadcom true and complete copies of its certificate of incorporation and by-laws, both as amended through the date hereof. The Company is not in violation of any provisions of its certificate of incorporation or bylaws.

2.8 Company Financial Statements. Section 2.8 of the Company Disclosure Schedule sets forth the Company Financials. The Company Financials delivered to Broadcom are correct and complete in all material respects and have been prepared in accordance with GAAP applied on a basis consistent throughout the periods indicated and consistent with each other (except as may be indicated in the notes thereto as delivered to Broadcom prior to the date hereof, and, in the case of the Interim Financial Statements, subject to normal year-end adjustments, which adjustments will not be material in amount or significance). The Company Financials present fairly and accurately in all material respects the financial condition and operating results of the Company as of the dates and during the periods indicated therein, subject, in the case of the Interim Financial Statements, to normal year-end adjustments, which adjustments will not be material in amount or significance and except that the Interim Financial Statements may not contain footnotes. Except as set forth in Section 2.8 to the Company Disclosure Schedule, since August 28, 1997, there has been no change in any accounting policies, principles, methods or practices, including any change

with respect to reserves (whether for bad debts, contingent liabilities or otherwise), of the Company.

**2.9 Absence of Changes.** Since December 31, 1999, except as set forth in Section 2.9 of the Company Disclosure Schedule, there has not been any material adverse change in the Business or Condition of the Company or any occurrence or event which, individually or in the aggregate, would be reasonably expected to have any material adverse change in the Business or Condition of the Company. In addition, without limiting the generality of the foregoing, except as expressly contemplated by this Agreement and except as disclosed in Section 2.9 of the Company Disclosure Schedule, since December 31, 1999:

(a) the Company has not entered into any Contract, commitment or transaction or incurred any Liabilities outside of the ordinary course of business consistent with past practice;

(b) the Company has not entered into any Contract in connection with any transaction involving a Business Combination;

(c) the Company has not altered or entered into any Contract or other commitment to alter, its interest in any corporation, association, joint venture, partnership or business entity in which the Company directly or indirectly holds any interest on the date hereof;

(d) the Company has not entered into any strategic alliance, joint development or joint marketing Contract;

(e) there has not been any material amendment or other modification (or agreement to do so) or violation of the terms of, any of the Contracts set forth or described in the Company Disclosure Schedule;

(f) the Company has not entered into any transaction with any officer, director, stockholder, Affiliate or Associate of the Company, other than pursuant to any Contract in effect on the Audited Financial Statement Date and disclosed to Broadcom pursuant to (and so identified in) Section 2.9(f), Section 2.19(a) or Section 2.20 of the Company Disclosure Schedule or other than pursuant to any contract of employment and listed pursuant to Section 2.19(a) of the Company Disclosure Schedule;

(g) the Company has not entered into or amended any Contract pursuant to which any other Person is granted manufacturing, marketing, distribution, licensing or similar rights of any type or scope with respect to any products of the Company or Company Intellectual Property other than as contemplated by the Company's Contracts or Licenses disclosed in the Company Disclosure Schedule;

(h) no Action or Proceeding has been commenced or, to the knowledge of the Company, threatened by or against the Company;

(i) the Company has not declared or set aside or paid any dividends on or made any other distributions (whether in cash, stock or property) in respect of any Company Capital Stock or Equity Equivalents, or effected or approved any split, combination or reclassification of any Company Capital Stock or Equity Equivalents or issued or authorized the issuance of any other securities in respect of, in lieu of or in substitution for shares of Company Capital Stock or Equity Equivalents, or repurchased, redeemed or otherwise acquired, directly or indirectly, any shares of Company Capital Stock or Equity Equivalents, except repurchases of Company Capital Stock pursuant to agreements with Company employees, officers, directors and consultants relating to repurchases at cost upon termination of service with the Company;

(j) except for (i) the issuance of shares of Company Capital Stock upon exercise or conversion of then-outstanding Company Options, Company Warrants, Company Stock Purchase Rights or Company Preferred Stock listed in Section 2.3 of the Company Disclosure Schedule, or (ii) the issuance of options available for grant under the Company's existing Company Stock Plan in the ordinary course of business to employees hired after the Audited Financial Statement Date who are not officers of the Company on terms and in amounts consistent with past practice, (A) the Company has not issued, granted, delivered, sold or authorized or proposed to issue, grant, deliver or sell, or purchased or proposed to purchase, any shares of Company Capital Stock, Equity Equivalents, (B) the Company has not modified or amended the rights of any holder of any outstanding shares of Company Capital Stock or Equity Equivalents (including to reduce or alter the consideration to be paid to the Company upon the exercise of any outstanding Company Options, Company Warrants, Company Stock Purchase Rights or other Equity Equivalents), and (C) there have not been any agreements, arrangements, plans or understandings with respect to any such modification or amendment;

(k) there has not been any amendment to the Company's certificate of incorporation or by-laws;

(l) there has not been any transfer (by way of a License or otherwise) to any Person of rights to any Company Intellectual Property, except in the ordinary course of business consistent with past practice;

(m) the Company has not made or agreed to make any disposition or sale of, waiver of rights to, license or lease of, or incurrence of any Lien on, any Assets and Properties of the Company, other than dispositions of inventory, or nonexclusive licenses of products to Persons to whom the Company had granted licenses of its products at the Audited Financial Statement Date, in the ordinary course of business of the Company consistent with past practice;

(n) the Company has not made or agreed to make any purchase of any Assets and Properties of any Person other than (i) acquisitions of inventory, or licenses of products, in the ordinary course of business of the Company consistent with past practice and (ii) other acquisitions in an amount not exceeding \$50,000 in the case of any individual item or \$150,000 in the aggregate;

(o) the Company has not made or agreed to make any capital expenditures or commitments for additions to property, plant or equipment of the Company constituting capital assets individually or in the aggregate in an amount exceeding \$200,000;

(p) the Company has not made or agreed to make any write-off or write-down any determination to write off or write-down, or revalue, any of the Assets and Properties of the Company, or change any reserves or liabilities associated therewith, individually or in the aggregate in an amount exceeding \$50,000;

(q) the Company has not made or agreed to make payment, discharge or satisfaction, in an amount in excess of \$50,000, in any one case, or \$100,000 in the aggregate, of any claim, Liability or obligation (whether absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction in the ordinary course of business of Liabilities reflected or reserved against in the Company Financials;

(r) the Company has not failed to pay or otherwise satisfy any Liabilities of the Company presently due and payable, except such Liabilities of the Company which are being contested in good faith by appropriate means or procedures and which, individually or in the aggregate, are immaterial in amount;

(s) the Company has not incurred any Indebtedness or guaranteed any Indebtedness in an aggregate amount exceeding \$50,000 or issued or sold any debt securities of the Company or guaranteed any debt securities of others;

(t) the Company has not granted any severance or termination pay to any director, officer employee or consultant, except payments made pursuant to written Contracts outstanding on the date hereof, copies of which have been delivered to Broadcom and the terms of which are disclosed in Section 2.9(t) of the Company Disclosure Schedule;

(u) except pursuant to a Contract disclosed to Broadcom pursuant to Section 2.9(f) or 2.19 of the Company Disclosure Schedule, the Company has not granted or approved any increase of greater than 5% in salary, rate of commissions, rate of consulting fees or any other compensation of any current or former officer, director, stockholder, employee, independent contractor or consultant of the Company;

(v) the Company has not paid or approved the payment of any consideration of any nature whatsoever (other than salary, commissions or consulting fees and customary benefits paid to any current or former officer, director, stockholder, employee or consultant of the Company) to any current or former officer, director, stockholder, employee, independent contractor or consultant of the Company;

(w) the Company has not established or modified any (i) targets, goals, pools or similar provisions under any Plan, employment Contract or other employee compensation arrangement or independent contractor Contract or other compensation arrangement or (ii) salary ranges, increased guidelines or similar

provisions in respect of any Plan, employment Contract or other employee compensation arrangement or independent contractor Contract or other compensation arrangement;

(x) the Company has not adopted, entered into, amended, modified or terminated (partially or completely) any Plan;

(y) the Company has not paid any discretionary or stay bonus;

(z) the Company has not taken or approved any action, including the acceleration of vesting of any Company Options or Company Warrants, or other rights to acquire shares of capital stock of the Company, which would be reasonably likely to interfere with Broadcom's ability to account for the Merger as a Pooling of Interests or any other action that could jeopardize the status of the Merger as a tax-free reorganization;

(aa) the Company has not made or changed any material election in respect of Taxes, adopted or changed any accounting method in respect of Taxes, entered into any tax allocation agreement, tax sharing agreement, tax indemnity agreement or closing agreement, settled or compromised any claim or assessment in respect of Taxes, or consented to any extension or waiver of the limitation period applicable to any claim or assessment in respect of Taxes with any Taxing Authority or otherwise;

(bb) the Company has not made any change in accounting policies, principles, methods, practices or procedures (including without limitation for bad debts, contingent liabilities or otherwise, respecting capitalization or expense of research and development expenditures, depreciation or amortization rates or timing of recognition of income and expense);

(cc) other than in the ordinary course of business, the Company has not made any representation or proposal to, or engaged in substantive discussions with, any of the holders (or their representatives) of any Indebtedness, or to or with any party which has issued a letter of credit which benefits the Company;

(dd) the Company has not commenced or terminated any line of business;

(ee) the Company has not failed to renew any insurance policy; no insurance policy of the Company has been cancelled or materially amended; and the Company has given all notices and presented all claims (if any) under all such policies in a timely fashion;

(ff) there has been no material amendment or non-renewal of any of the Company's Approvals, and the Company has used commercially reasonable efforts to maintain such Approvals and has observed in all material respects all Laws and Orders applicable to the conduct of the Company's business or the Company's Assets and Properties;

(gg) the Company has taken commercially reasonably required actions to procure, maintain, renew, extend or enforce any Company Intellectual Property, including, but not limited to, submission of required documents or fees during the prosecution of patent, trademark or other applications for Registered Intellectual Property rights;

(hh) there has been no physical damage, destruction or other casualty loss (whether or not covered by insurance) affecting any of the real or personal property or equipment of the Company individually or in the aggregate in an amount exceeding \$50,000.

(ii) the Company has not repurchased, cancelled or modified the terms of any Company Capital Stock, Equity Equivalents, Company Options, Company Warrants, Company Stock Purchase Rights or other financial instrument that derives value from its convertibility into Company Capital Stock or Equity Equivalents, other than transactions entered into in the ordinary course of business and pursuant to either (i) contractual provisions or (ii) the Company Stock Plan, in each case as in effect at the time of execution and delivery of this Agreement;

(jj) the Company has not entered into or approved any contract, arrangement or understanding or acquiesced in respect of any arrangement or understanding, to do, engage in or cause or having the effect of any of the foregoing, including with respect to any Business Combination not otherwise restricted by the foregoing paragraphs.

**2.10 No Undisclosed Liabilities.** Except as reflected or reserved against in the Company Financials (including the notes thereto) or as disclosed in Section 2.10 of the Company Disclosure Schedule or any other section of the Company Disclosure Schedule, there are no Liabilities greater than \$50,000 of, relating to or affecting the Company or any of its Assets and Properties, other than Liabilities incurred in the ordinary course of business consistent with past practice since the Audited Financial Statement Date and in accordance with the provisions of this Agreement which, individually and in the aggregate, are not material to the Business or Condition of the Company, and are not for tort or for breach of contract.

**2.11 Taxes.** Except as disclosed in Section 2.11 of the Company Disclosure Schedule:

(a) All Tax Returns required to have been filed by or with respect to the Company or any affiliated, consolidated, combined, unitary or similar group of which the Company is a member (a "Relevant Group") have been duly and timely filed (including any extensions), and each such Tax Return correctly and completely reflects Tax liability and all other information required to be reported thereon. All such Tax Returns are true, complete and correct in all material respects. All material Taxes due and payable by the Company or any member of a Relevant Group, whether or not shown on any Tax Return, or claimed to be due by any Tax Authority, for periods (or portions of periods) covered by the Company Financials have been paid or accrued on the balance sheet included in the Company Financials.

(b) The Company has no material liability for Taxes in the period after the date of the Interim Financial Statements. The unpaid Taxes of the Company (i) did not, as of the most recent fiscal month end, exceed by any material amount the reserve for liability for Income Tax (other than the reserve for deferred taxes established to reflect timing differences between book and tax income) set forth on the face of the Company's balance sheet included in the Interim Financial Statements and (ii) will not exceed by any material amount such reserve as adjusted for operations and transactions in the ordinary course of business through the Closing Date.

(c) The Company is not a party to any agreement extending the time within which to file any Tax Return. To the Company's knowledge, no claim has ever been made by a Taxing Authority of any jurisdiction in which the Company or any member of any Relevant Group does not file Tax Returns that the Company or such member is or may be subject to taxation by that jurisdiction.

(d) The Company and each member of any Relevant Group has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, creditor or independent contractor.

(e) The Company does not have knowledge of any actions by any Taxing Authority in connection with assessing additional Taxes against or in respect of it or any Relevant Group for any past period. There is no dispute or claim concerning any Tax liability of the Company either (i) to the Company's knowledge, threatened, claimed or raised by any Taxing Authority or (ii) of which the Company is otherwise aware. There are no Liens for Taxes upon the Assets and Properties of the Company other than Liens for Taxes not yet due. Section 2.11 of the Company Disclosure Schedule indicates those Tax Returns, if any, of the Company and each member of any Relevant Group that have been audited or examined by Taxing Authorities, and indicates those Tax Returns of the Company and each member of any Relevant Group that currently are the subject of audit or examination. The Company has delivered to Broadcom complete and correct copies of all federal, state, local and foreign income Tax Returns filed by, and all Tax examination reports and statements of deficiencies assessed against or agreed to by, the Company and each member of any Relevant Group.

(f) There are no outstanding agreements or waivers extending the statutory period of limitation applicable to any Tax Returns required to be filed by, or which include or are treated as including, the Company or with respect to any Tax assessment or deficiency affecting the Company or any Relevant Group.

(g) The Company has not received any written ruling related to Taxes or entered into any agreement with a Taxing Authority relating to Taxes.

(h) The Company has no material liability for the Taxes of any Person other than the Company (i) under Section 1.1502-6 of the Treasury regulations (or any similar provision of state, local or foreign Law), (ii) as a transferee or successor, (iii) by Contract or (iv) otherwise.

(i) The Company (i) has neither agreed to make nor is required to make any adjustment under Section 481 of the Code by reason of a change in accounting method and (ii) is not a "consenting corporation" within the meaning of Section 341(f)(1) of the Code.

(j) The Company is not a party to or bound by any obligations under any tax sharing, tax allocation, tax indemnity or similar agreement or arrangement.

(k) The Company is not involved in, subject to, or a party to any joint venture, partnership, Contract or other arrangement that is treated as a partnership for federal, state, local or foreign Income Tax purposes.

(l) The Company was not included and is not includible in the Tax Return of any Relevant Group with any corporation other than such a return of which the Company is the common parent corporation.

(m) The Company has not made any payments, is not obligated to make any payments, nor is a party to any contract, agreement or arrangement covering any current or former employee or consultant of the Company that under certain circumstances could require it to make or give rise to any payments that are not deductible as a result of the provisions set forth in Section 280G of the Code or the treasury regulations thereunder or would result in an excise tax to the recipient of any such payment under Section 4999 of the Code.

(n) All material elections with respect to income Taxes affecting the Company are set forth in Section 2.11 of the Company Disclosure Schedule.

(o) The Company is not nor has it ever been a United States real property holding corporation within the meaning of Section 897(c)(1)(A)(ii) of the Code.

## 2.12 Legal Proceedings.

(a) Except as set forth in Section 2.12 of the Company Disclosure Schedule:

(i) there are no Actions or Proceedings pending or, to the knowledge of the Company, threatened against, relating to or affecting the Company or its Assets and Properties (*provided* that the Company makes no representation or warranty, other than to its knowledge, with respect to an investigation which constitutes an Action or Proceeding);

(ii) there are no facts or circumstances known to the Company that would reasonably be expected to give rise to any Action or Proceeding against, relating to or affecting the Company;

(iii) the Company has not received notice, and does not otherwise have knowledge of any Orders outstanding against the Company; and

(iv) the Company has not received notice and does not otherwise have knowledge of any defects, dangerous or substandard conditions in the products or



materials sold, distributed, or currently proposed to be sold or distributed by the Company that could cause bodily injury, sickness, disease, death or damage to property, or result in loss of use of property, or any claim, suit, demand for arbitration or notice seeking damages for bodily injury, sickness, disease, death, or damage to property, or loss of use of property.

(b) Prior to the execution of this Agreement, the Company has delivered to Broadcom all responses of counsel for the Company to auditor's requests for information for the preceding three years (together with any updates provided by such counsel) regarding Actions or Proceedings pending or threatened against, relating to or affecting the Company. Section 2.12(b) of the Company Disclosure Schedule sets forth all Actions or Proceedings relating to or affecting, or, to the knowledge of the Company, threatened against, the Company or any of its Assets and Properties during the three-year period prior to the date hereof.

**2.13 Compliance with Laws and Orders.** Except as disclosed in Section 2.13 of the Company Disclosure Schedule, the Company has not violated, and is not currently in default under, any Law or Order applicable to the Company or any of its Assets and Properties, except for any such violations or defaults that would not reasonably be expected to have a material adverse effect on the Business or Condition of the Company, and the Company is not aware of any material claim of violation, or of any actual material violation, of any such Law or Orders.

**2.14 Plans; ERISA.**

(a) **Existence of Plans.** Except as disclosed on Section 2.14 of the Company Disclosure Schedule, (i) neither the Company, any Subsidiary nor any of their respective ERISA Affiliates maintains or sponsors (or ever maintained or sponsored), or makes or is required to make contributions to, any Plans, (ii) none of the Plans is or was a "multi-employer plan", as defined in Section 3(37) of ERISA, (iii) none of the Plans is or was subject to Title IV or Part 3 of Title I of ERISA or Section 412 of the Code, (iv) none of the Plans provides or provided post-retirement medical or health benefits, (v) none of the Plans is or was a "welfare benefit fund," as defined in Section 419(e) of the Code, or an organization described in Sections 501(c)(9) or 501(c)(20) of the Code, (vi) neither the Company nor any of its ERISA Affiliates is or was a party to any collective bargaining agreement, and (vii) neither the Company nor any of its ERISA Affiliate has announced or otherwise made any commitment to create or amend any Plan. There are no Plans which Broadcom or the Surviving Corporation will not be able to terminate immediately after the Closing in accordance with their terms and ERISA. With respect to each of such Plans, at the Closing there will be no unrecorded liabilities with respect to the establishment, implementation, operation, administration or termination of any such Plan, or the termination of the participation in any such Plan by the Company or any of their respective ERISA Affiliates. The Company has delivered to Broadcom true and complete copies of: (i) each of the Plans and any related funding agreements thereto (including insurance contracts) including all amendments thereto, (ii) the currently effective Summary Plan Description pertaining to each of the Plans, (iii) all annual reports for each of the Plans (including all related schedules), (iv) the most recently

filed PBGC Form 1 (if applicable), (v) the most recent Internal Revenue Service determination letter, opinion, notification or advisory letter (as the case may be) for each Plan which is intended to constitute a qualified plan under Section 401 of the Code and each amendment to each of the foregoing documents, and (vi) for each unfunded Plan, financial statements consisting of (A) the consolidated statement of assets and liabilities of such Plan as of its most recent valuation date, and (B) the statement of changes in fund balance and in financial position or the statement of changes in net assets available for benefits under such Plan for the most recently-ended plan year, which such financial statements shall fairly present the financial condition and the results of operations of such Plan in accordance with GAAP, consistently applied, as of such dates.

(b) Penalties; Reportable Events. Neither the Company nor any of its ERISA Affiliates is subject to any material liability, tax or penalty whatsoever to any person or agency whomsoever as a result of engaging in a prohibited transaction under ERISA or the Code, and neither the Company nor any of its ERISA Affiliates has any knowledge of any circumstances which reasonably might result in any material liability, tax or penalty, including but not limited to, a penalty under Section 502 of ERISA, as a result of a breach of any duty under ERISA or under other Laws. Each Plan which is required to comply with the provisions of Sections 4980B and 4980C of the Code, or with the requirements referred to in Section 4980D of the Code, has complied in all material respects. No event has occurred which could subject any Plan to tax under Section 511 of the Code. There has been no (i) withdrawal by the Company or any of its ERISA Affiliates that is a substantial employer from a single-employer plan which is a Plan and which has two or more contributing sponsors at least two of whom are not under common control, as referred to in Section 4063(b) of ERISA, or (ii) cessation by the Company, any Subsidiary or any of their respective ERISA Affiliates of operations at a facility causing more than 20% of Plan participants to be separated from employment, as referred to in Section 4062(f) of ERISA. Neither the Company, nor any of its ERISA Affiliates, nor any other organization of which any of them are a successor or Broadcom corporation as defined in Section 4069(b) of ERISA, have engaged in any transaction described in Section 4069(a) of ERISA.

(c) Qualification. Each of the Plans which is intended to be a qualified plan under Section 401(a) of the Code has received a favorable determination letter, opinion, notification or advisory letter from the Internal Revenue Service, and has been operated in material accordance with its terms and with the provisions of the Code. All of the Plans have been administered and maintained in substantial compliance with ERISA, the Code and all other applicable Laws. All contributions required to be made to each of the Plans under the terms of that Plan, ERISA, the Code or any other applicable Laws have been timely made. Each Plan intended to meet the requirements for tax-favored treatment under Subchapter B of Chapter 1 of the Code is in compliance with such requirements. There are no Liens against the property of the Company or any of its ERISA Affiliates under Section 412(n) of the Code or Sections 302(f) or 4068 of ERISA. The Interim Financial Statements

properly reflect all amounts required to be accrued as liabilities to date under each of the Plans.

(d) Parachute Payments. Neither the execution of this Agreement nor the consummation of any of the transactions contemplated hereby (whether alone or upon the occurrence of any additional or further acts or events) will (i) result in any obligation or liability (with respect to accrued benefits or otherwise) on the part of the Company, Broadcom, the Surviving Corporation, or any of their respective Subsidiaries to the PBGC, to any Plan, or to any present or former employee, director, officer, stockholder, contractor or consultant of Broadcom, the Surviving Corporation, or any their respective Subsidiaries or any of their dependents, (ii) be a trigger event under any Plan that will result in any payment (whether of severance pay or otherwise) becoming due to any such present or former employee, officer, director, stockholder, contractor, or consultant, or any of their dependents, or (iii) accelerate the time of payment or vesting, or increase the amount, of any compensation theretofore or thereafter due or granted to any employee, officer, director, stockholder, contractor, or consultant of the Company or any of their dependents. With respect to any insurance policy which provides, or has provided, funding for benefits under any Plan, (I) there is and will be no liability of the Company, Broadcom or any of their respective Subsidiaries in the nature of a retroactive or retrospective rate adjustment, loss sharing arrangement, or actual or contingent liability as of the Closing Date, nor would there be any such liability if such insurance policy were terminated as of the Closing Date, and (II) no insurance company issuing any such policy is in receivership, conservatorship, bankruptcy, liquidation, or similar proceeding, and, to the knowledge of the Company, no such proceedings with respect to any insurer are imminent.

(e) COBRA. With respect to each Plan which provides health care coverage, the Company and each ERISA Affiliate have complied in all material respects with (i) the applicable health care continuation and notice provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), and the applicable COBRA regulations and (ii) the applicable requirements of the Health Insurance Portability and Accountability Act of 1996 and the regulations thereunder, and neither the Company nor any ERISA Affiliate has incurred any liability under Section 4980B of the Internal Revenue Code.

(f) Litigation. Other than routine claims for benefits under the Plans, there are no pending, or, to the knowledge of the Company, threatened, Actions or Proceedings involving the Plans, or the fiduciaries, administrators, or trustees of any of the Plans or the Company, any Subsidiary or any of their respective ERISA Affiliates as the employer or sponsor under any Plan, with any of the IRS, the Department of Labor, the PBGC, any participant in or beneficiary of any Plan or any other person whomsoever. The Company knows of no reasonable basis for any such claim, lawsuit, dispute, action or controversy.

2.15 Title to Assets. Except for title to Company Intellectual Property, which is covered by Section 2.16 below, the Company has good and marketable title to all of its properties, interests in properties and assets, real and personal, reflected in the Company

Financials or acquired after the Audited Financial Statement Date (except properties, interests in properties and assets sold or otherwise disposed of since the Financial Statement Date in the ordinary course of business), or with respect to leased properties and assets, valid leasehold interests in, free and clear of all mortgages, liens, pledges, charges or encumbrances of any kind or character, except (i) the lien of current taxes not yet due and payable, (ii) such imperfections of title, liens and easements as do not and will not (x) materially detract from or interfere with the use of the properties subject thereto or affected thereby, or (y) otherwise materially impair business operations involving such properties and (iii) liens securing debt which is reflected on the Company Financials. The plants, property and equipment of the Company that are used in the operations of its business are in good operating condition and repair, subject to normal wear and tear.

(a) Real Property.

(i) Section 2.15(a)(i) of the Company Disclosure Schedule contains a true and correct list of (i) each parcel of real property leased, utilized and/or operated by the Company (as lessor or lessee or otherwise) (the "Leased Real Property") and (ii) all Liens relating to or affecting any parcel of real property referred to in clause (i) to which the Company is a party. The Company owns no real property other than Company owned leasehold improvements, if any, on the Leased Real Property.

(ii) Subject to the terms of its respective leases, the Company has a valid and subsisting leasehold estate in and the right to quiet enjoyment of the Leased Real Properties for the full term (or the renewal period, if the lease has been renewed) of the leases relating thereto. Each lease referred to in clause (i) of paragraph (a) above is a legal, valid and binding agreement, enforceable in accordance with its terms, of the Company and of each other Person that is a party thereto, and except as set forth in Section 2.15(a)(ii) of the Company Disclosure Schedule, to the Company's knowledge, the other party thereto is not in default thereunder and the Company is not in default and has not received notice of any default (or any condition or event which, after notice or lapse of time or both, would constitute a default) of the Company thereunder. The Company does not owe brokerage commissions or finders fees with respect to any such Leased Real Property, except to the extent that the Company may renew the term of any such lease, in which case, any such commissions and fees would be in amounts that are reasonable and customary for the spaces so leased, given their intended use and terms.

(iii) Except as disclosed in Section 2.15(a)(iii) of the Company Disclosure Schedule, all Company owned leasehold improvements on the Leased Real Property (A) comply with and are operated in all material respects in accordance with applicable laws (including, without limitation, Environmental Laws) and all applicable Liens, Approvals, Contracts, covenants and restrictions and (B) are in all material respects in good operating condition and in a state of good maintenance and repair, ordinary wear and tear excepted. To the knowledge of the Company, there are no condemnation or appropriation proceedings pending or threatened against any of the Leased Real Property or the improvements thereon.

(iv) True and correct copies of the documents under which the Leased Real Property is leased, subleased (to or by the Company or otherwise), utilized,

and/or operated (the "Lease Documents") have been delivered to Broadcom. The Lease Documents are unmodified and in full force and effect, and there are no other Contracts between the Company and any third parties claiming an interest in the interest of the Company in the Leased Real Property or otherwise relating to the use and occupancy of the Leased Real Property, except vendor, management and service contracts entered into in the normal course of business.

(b) Tangible Personal Property. The Company is in possession of and has good and marketable title to, or has valid leasehold interests in or valid rights under Contract to use, all tangible personal property used in the conduct of its business, including all tangible personal property reflected on the Company Financials and tangible personal property acquired since the Audited Financial Statement Date, other than property disposed of since such date in the ordinary course of business consistent with past practice. Except as disclosed in Section 2.15(b) of the Company Disclosure Schedule, all such tangible personal property is free and clear of all Liens and is adequate and suitable in all material respects for the conduct by the Company of its business as presently conducted, and is in good working order and condition in all material respects, ordinary wear and tear excepted, and its use complies in all material respects with all applicable Laws.

#### 2.16 Intellectual Property.

(a) Section 2.16(a) of the Company Disclosure Schedule lists all Company Registered Intellectual Property (including all trademarks and service marks that the Company has used with the intent of creating or benefiting from any common law rights relating to such marks) and lists any proceedings or actions pending as of the date hereof before any court or tribunal (including the PTO or equivalent authority anywhere in the world) related to any of the Company Registered Intellectual Property.

(b) The Company has all requisite right, title and interest in or valid and enforceable rights under Contracts or Licenses to use all Company Intellectual Property necessary to the conduct of its business as presently conducted. Except as set forth in Section 2.16(b) of the Company Disclosure Schedule, each item of Company Intellectual Property, including all Company Registered Intellectual Property listed in Section 2.16(a) of the Company Disclosure Schedule, is owned exclusively by the Company (excluding Intellectual Property licensed to the Company under any License and is free and clear of any Liens). Except as set forth in Section 2.16(b) of the Company Disclosure Schedule, the Company (i) owns exclusively all trademarks, service marks and trade names used by the Company in connection with the operation or conduct of the business of the Company, including the sale of any products or technology or the provision of any services by the Company; *provided, however*, that the Company may use trademarks, service marks and trade names of third parties which are licensed to the Company or are in the public domain, and (ii) owns exclusively, and has good title to, all copyrighted works that are Company products or other works of authorship that the Company otherwise purports to own; *provided, however*, that such works may incorporate copyrighted

works or works of authorship, trademarks or trade names of third parties which are licensed to the Company or are in the public domain.

(c) To the extent that any Company Intellectual Property has been developed or created by any Person other than the Company, except as set forth in Section 2.16(c) of the Company Disclosure Schedule, the Company has a written agreement with such Person with respect thereto and the Company has either (i) obtained ownership of, and is the exclusive owner of, all such Intellectual Property by operation of law or by valid assignment of any such rights or (ii) has obtained a License under or to such Intellectual Property.

(d) Except pursuant to agreements described in Section 2.16(d) of the Company Disclosure Schedule, the Company has not transferred ownership of or granted any License of or other right to use or authorized the retention of any rights to use any Intellectual Property that is or was Company Intellectual Property, to any other Person.

(e) The Company Intellectual Property constitutes all the Intellectual Property used in and/or necessary to the conduct of the Company's business as it currently is conducted or as reasonably contemplated to be conducted, including, without limitation, the design, development, distribution, marketing, manufacture, use, import, license, and sale of the products, technology and services of the Company (including products, technology, or services currently under development).

(f) Except for the software items not requiring disclosure under Section 2.16(q), Section 2.16(f) of the Company Disclosure Schedule lists all Contracts and Licenses (including all inbound Licenses) to which the Company is a party with respect to any Intellectual Property. Except as set forth in Section 2.16(f) of the Company Disclosure Schedule, no Person other than the Company has ownership rights to improvements made by the Company in Intellectual Property which has been licensed to the Company.

(g) Section 2.16(g) of the Company Disclosure Schedule lists all Contracts, Licenses and agreements between the Company and any other Person wherein or whereby the Company has agreed to, or assumed, any obligation or duty to warrant, indemnify, reimburse, hold harmless, guaranty or otherwise assume or incur any obligation or Liability or provide a right of rescission with respect to the infringement or misappropriation by the Company or such other Person of the Intellectual Property of any Person other than the Company.

(h) The operation of the business of the Company as currently conducted or as presently proposed to be conducted, including the Company's design, development, use, import, manufacture and sale of the products, technology or services (including products, technology or services currently under development) of the Company does not infringe or misappropriate the Intellectual Property of any Person, violate the rights of any Person (including rights to privacy or publicity), or constitute unfair competition or an unfair trade practice under any applicable Law, and the Company has not received notice from any Person claiming that such

operation or any act, product, technology or service (including products, technology or services currently under development) of the Company infringes or misappropriates the Intellectual Property of any Person or constitutes unfair competition or trade practices under any applicable Law.

(i) Except as set forth in Section 2.16(i) of the Company Disclosure Schedule, each item of Company Registered Intellectual Property is valid and subsisting, and all necessary registration, maintenance, renewal fees, annuity fees and taxes due through the date of this Agreement in connection with such Registered Intellectual Property have been paid and all necessary documents and certificates in connection with such Company Registered Intellectual Property have been filed with the relevant patent, copyright, trademark or other authorities in the United States or foreign jurisdictions, as the case may be, for the purposes of maintaining such Registered Intellectual Property. To the knowledge of the Company, Section 2.16(i) of the Company Disclosure Schedule lists all actions that must be taken by the Company within 180 days from the date hereof, including the payment of any registration, maintenance, renewal fees, annuity fees and taxes or the filing of any documents, applications or certificates for the purposes of maintaining, perfecting or preserving or renewing any Company Registered Intellectual Property. Except as set forth in Section 2.16(i) of the Company Disclosure Schedule, the Company has not registered the copyright with the U.S. Copyright Office for the latest version of each product or technology of the Company that constitutes or includes a copyrightable work. In each case in which the Company has acquired ownership of any Intellectual Property rights from any Person, the Company has obtained a valid and enforceable assignment sufficient to irrevocably transfer all rights in such Intellectual Property (including the right to seek damages with respect to such Intellectual Property) to the Company and, to the maximum extent required to protect the Company's ownership interests in and to such Intellectual Property in accordance with applicable Laws, the Company has recorded each such assignment of Registered Intellectual Property with the relevant Governmental or Regulatory Authority, including the PTO, the U.S. Copyright Office, or their respective equivalents in any relevant foreign jurisdiction, as the case may be.

(j) Except as set forth in Section 2.16(j) of the Company Disclosure Schedule, there are no Contracts or Licenses between the Company and any other Person with respect to Company Intellectual Property under which there is any claim (or facts that may reasonably lead to a claim) known to the Company regarding the scope of such Contract or License, or performance under such Contract or License, including with respect to any payments to be made or received by the Company thereunder.

(k) To the knowledge of the Company, no Person is infringing or misappropriating any Company Intellectual Property.

(l) The Company has taken all commercially reasonable steps to protect the Company's rights in confidential information and trade secrets of the Company or provided by any other Person to the Company subject to a duty of confidentiality. Without limiting the generality of the foregoing, the Company has, and enforces, a

policy requiring each employee, consultant and independent contractor to execute proprietary information, confidentiality and invention and copyright assignment agreements substantially in the forms set forth in Section 2.16(l) of the Company Disclosure Schedule, and all current and former employees, consultants and independent contractors of the Company have executed such agreements, as applicable. Except as set forth in Section 2.16(l), copies of all such agreements have been provided to Broadcom or made available to Broadcom for review.

(m) No Company Intellectual Property or product, technology or service of the Company is subject to any Order or Action or Proceeding that restricts, or that is reasonably expected to restrict in any manner, the use, transfer or licensing of any Company Intellectual Property by the Company or that may affect the validity, use or enforceability of such Company Intellectual Property.

(n) No (i) product, technology, service or publication of the Company, (ii) material published or distributed by the Company or (iii) conduct or statement of Company constitutes obscene material, a defamatory statement or material, false advertising or otherwise violates any applicable Law.

(o) The Company has taken all commercially reasonable actions to assure that there shall be no material adverse change to its business or electronic systems or material interruptions in the delivery of the Company's products and services by reason of the advent of the year 2000, including, without limitation, that all of its products (including products currently under development) will, without interruption or manual intervention, continue to consistently, predictably and accurately record, store, process, calculate and present calendar dates falling on and after (and if applicable, spans of time including) January 1, 2000, and will consistently, predictably and accurately calculate any information dependent on or relating to such dates in the same manner, and with the same functionality, data integrity and performance, as such products record, store, process, calculate and present calendar dates on or before December 31, 1999, or calculate any information dependent on or relating to such dates. Without limiting the generality of the foregoing, the Company has taken all commercially reasonable actions to ensure that the IT systems and non-IT systems used by the Company in its internal operations will function properly beyond 1999 and the Company has no knowledge of any material issues that have arisen in connection therewith nor has the Company uncovered any problems that could materially disrupt or harm the day-to-day functioning of business and operations of the Company.

(p) Neither this Agreement nor any transactions contemplated by this Agreement will result in Broadcom's granting any rights or licenses with respect to the Intellectual Property of Broadcom to any Person pursuant to any Contract to which the Company is a party or by which any of its Assets and Properties are bound.

(q) Section 2.16(q) of the Company Disclosure Schedule sets forth a list of (x) all software which is material to the business of the Company and which the Company has licensed from any third party which is used by the Company in its



products or otherwise in its business and (y) a list of all "freeware" and "shareware" incorporated into any product now shipped by the Company. The Company has all rights necessary to the use of such software, "freeware" and "shareware."

(r) The Company's products comply in all material respects with all applicable DVI, VSIA, Bluetooth and IEEE standards (to the extent commercially reasonable given the stage of development and implementation of each particular standard) and, to the knowledge of the Company, with the feature specifications and performance standards set forth in the Company's product data sheets under the conditions specified in such data sheets. Except as set forth in Section 2.16(j) of the Company Disclosure Schedule, there are no outstanding claims (or facts that may reasonably lead the Company to believe that a claim will be made) from customers for breach of warranties by the Company in connection with the foregoing. All product performance comparisons heretofore furnished by the Company to Broadcom are accurate in all material respects as of the dates so furnished.

(s) The Company has taken all necessary and appropriate steps to protect and preserve ownership of Company Intellectual Property. The Company has secured valid written assignments from all consultants and employees who contributed to the creation or development of the Company Intellectual Property. In the event that the consultant is concurrently employed by the Company and a third party, the Company has taken additional steps to ensure that any Company Intellectual Property developed by such a consultant does not belong to the third party or conflict with the third party's employment agreement such steps include, but are not limited to, ensuring that all research and development work performed by such a consultant are performed only on the Company's facilities and only using the Company's resources, except as set forth in Section 2.16(s) of the Company Disclosure Schedule.

## 2.17 Contracts.

(a) Section 2.17(a)(1) of the Company Disclosure Schedule contains a true and complete list of each of the Contracts or other arrangements (true and complete copies or, if none, reasonably complete and accurate written descriptions of which, together with all amendments and supplements thereto and all waivers of any terms thereof, have been made available to Broadcom prior to the execution of this Agreement), to which the Company is a party or by which any of its Assets and Properties is bound that provide for aggregate payments or services by any party in excess of \$50,000 per Contract or series of related Contracts between the same parties (other than employee offer letters, each of which is in substantially the form previously provided to Broadcom). Section 2.17(a)(2) of the Company Disclosure Schedule contains a true and complete list of each Contract of the Company not terminable by the Company upon 30 days (or less) notice by the Company without penalty or obligation to make payments based on such termination or (ii) which provides for continuing design or other services by the Surviving Corporation after the Closing Date.

(b) Each Contract required to be disclosed in Section 2.17(a) of the Company Disclosure Schedule is in full force and effect and constitutes a legal, valid and binding agreement of the Company, enforceable in accordance with its terms, and, to the knowledge of the Company, of each other party thereto; and except as disclosed in Section 2.17(b) of the Company Disclosure Schedule, to the knowledge of the Company, no other party to such Contract is, nor has received notice that it is, in violation or breach of or default under any such Contract (or with notice or lapse of time or both, would be in violation or breach of or default under any such Contract).

(c) Except as disclosed in Section 2.17(c) of the Company Disclosure Schedule, the Company is not a party to or bound by any Contract that has been or could reasonably be expected to be, individually or in the aggregate with any other similar Contracts, materially adverse to the Business or Condition of the Company or that has been or would reasonably be expected to result, individually or in the aggregate with any such other Contracts in material Losses to the Company or be materially adverse to the Business or Condition of the Company.

(d) Except as disclosed in Section 2.17(d) of the Company Disclosure Schedule, the Company is not a party to or bound by any Contract that (i) automatically terminates or allows termination by the other party thereto upon consummation of the transactions contemplated by this Agreement or (ii) contains any covenant or other provision which limits the Company's ability to compete with any Person in any line of business or in any area or territory.

**2.18 Insurance.** Section 2.18 of the Company Disclosure Schedule contains a true and complete list (including the names and addresses of the insurers, the expiration dates thereof, the annual premiums and payment terms thereof, the period of time covered thereby and a brief description of the interests insured thereby) of all liability, property, workers' compensation, directors' and officers' liability and other insurance policies currently in effect that insure the business, operations or employees of the Company or affect or relate to the ownership, use or operation of any of the Assets and Properties of the Company and that (a) have been issued to the Company or (b) to the knowledge of the Company, have been issued to any Person (other than the Company) for the benefit of the Company. The insurance coverage provided by the policies described in clause (a) above will not terminate or lapse by reason of any of the transactions contemplated by this Agreement. The insurance policies listed in Section 2.18 of the Company Disclosure Schedule are in amounts and have coverages as required by any Contract to which the Company is a party or by which any of its Assets and Properties is bound. Section 2.18 of the Disclosure Schedule contains a list of all outstanding claims made under any insurance policies covering the Company. The Company has not received notice that any insurer under any policy referred to in this Section is denying liability with respect to a claim thereunder or defending under a reservation of rights clause by persons conducting businesses or owning assets similar to those of Company. There is no material claim pending under any of such policies or bonds as to which coverage has been questioned, denied or disputed by the underwriters of such policies or bonds. All premiums due and payable under all such policies and bonds have been paid. The Company has no knowledge of any threatened termination of, or material premium increase with respect to, any of such policies.

## **2.19 Affiliate Transactions.**

(a) Except as disclosed in Section 2.9(f) or Section 2.19(a) of the Company Disclosure Schedule, (i) there are no Contracts or Liabilities between the Company, on the one hand, and (I) any officer, director, stockholder, or to the Company's knowledge, any Affiliate or Associate of the Company or (II) any Person who, to the Company's knowledge, is an Associate of any such officer, director, stockholder or Affiliate, on the other hand, (ii) the Company does not provide or cause to be provided any assets, services or facilities to any such officer, director, stockholder, Affiliate or Associate, (iii) neither the Company nor any such officer, director, stockholder, Affiliate or Associate provides or causes to be provided any assets, services or facilities to the Company and (iv) the Company does not beneficially own, directly or indirectly, any Investment Assets of any such current or former officer, director, stockholder, Affiliate or Associate.

(b) Except as disclosed in Section 2.19(b) of the Company Disclosure Schedule, each of the Contracts and Liabilities listed in Section 2.19(a) of the Company Disclosure Schedule were entered into or incurred, as the case may be, on terms no less favorable to the Company (in the reasonable judgment of the Company) than if such Contract or Liability was entered into or incurred on an arm's-length basis on competitive terms. Any Contract to which the Company is a party and in which any director of the Company has a financial interest in such Contract was approved by a majority of the disinterested members of the Board of Directors of the Company and/or stockholders of the Company, as the case may be, in accordance with Section 144 of Delaware Law.

## **2.20 Employees; Labor Relations.**

(a) Except as set forth in Section 2.20(a) of the Company Disclosure Schedule, the Company is not a party to any collective bargaining agreement and there is no unfair labor practice or labor arbitration proceedings pending with respect to the Company, or, to the knowledge of the Company, threatened, and there are no facts or circumstances known to the Company that could reasonably be expected to give rise to such complaint or claim. To the knowledge of the Company, there are no organizational efforts presently underway or threatened involving any employees of the Company or any of the employees performing work for the Company but provided by an outside employment agency, if any. There has been no work stoppage, strike or other concerted action by employees of the Company.

(b) All employees of the Company are employed at will, except as set forth in Section 2.20(b) of the Company Disclosure Schedule, and those employees (if any) represented by a union. Section 2.20(b) of the Company Disclosure Schedule sets forth, individually and by category, the name of each officer, employee and consultant, together with such person's position or function, annual base salary or wage and any incentive, severance or bonus arrangements with respect to such person. Except as described in Section 2.20(b) of the Company Disclosure Schedule, the completion of the transactions contemplated by this Agreement will not result in

any payment or increased payment becoming due from the Company to any current or former officer, director, or employee of, or consultant to, the Company, and to the knowledge of the Company no employee of the Company has made any threat, or otherwise revealed an intent, to terminate such employee's relationship with the Company, for any reason, including because of the consummation of the transactions contemplated by this Agreement. The Company is not a party to any agreement for the provision of labor from any outside agency except as set forth in Section 2.20(b) of the Company Disclosure Schedule. To the knowledge of the Company, since August 28, 1997, there have been no claims by employees of such outside agencies, if any, with regard to employees assigned to work for the Company, and no claims by any governmental agency with regard to such employees except as set forth in Section 2.20(b) of the Company Disclosure Schedule.

(c) Since August 28, 1997, there have been no federal or state claims based on sex, sexual or other harassment, age, disability, race or other discrimination or common law claims, including claims of wrongful termination, by any employees of the Company or by any of the employees performing work for the Company but provided by an outside employment agency, and there are no facts or circumstances known to the Company that would reasonably be expected to give rise to such complaint or claim. The Company has complied, in all material respects, with all laws related to the employment of employees and, except as set forth in Section 2.20(c) of the Company Disclosure Schedule, since August 28, 1997 the Company has not received any notice of any claim that it has not complied in any material respect with any Laws relating to the employment of employees, including without limitation, any provisions thereof relating to wages, hours, collective bargaining, the payment of Social Security and similar taxes, equal employment opportunity, employment discrimination, the WARN Act, employee safety, or that it is liable for any arrearages of wages or any taxes or penalties for failure to comply with any of the foregoing.

(d) The Company has no written policies and/or employee handbooks or manuals except as described in Section 2.20(d) of the Company Disclosure Schedule.

(e) To the knowledge of the Company, no officer, employee or consultant of the Company is subject to any Order or Law that would interfere with the Company's business as currently conducted. Neither the execution nor delivery of this Agreement, nor the carrying on of the Company's business as presently conducted nor any activity of such officers, employees or consultants in connection with the carrying on of the Company's business as presently conducted, will conflict with or result in a breach of the terms, conditions or provisions of, constitute a default under, or trigger a condition precedent to any rights under any Contract or other agreement under which any of such officer's, employees or consultants is now bound.

## 2.21 Environmental Matters.

(a) To the knowledge of the Company, the Company possesses any and all Environmental Permits necessary to or required for the operation of its business.

(b) To the knowledge of the Company, the Company is in compliance with (i) all terms, conditions and provisions of its Environmental Permits; and (ii) all Environmental Laws.

(c) The Company has not received any written notice of alleged, actual or potential responsibility for, or any inquiry regarding, (i) any Release or threatened or suspected Release of any Hazardous Material, or (ii) any violation of Environmental Law.

(d) To the knowledge of the Company, the Company does not have any obligation or liability with respect to any Hazardous Material, including any Release or threatened or suspected Release of any Hazardous Material, and, to the Company's knowledge, there are no past or present events, facts or circumstances which would be reasonably likely to form the basis of any such obligation or liability.

(e) To the knowledge of the Company, no Releases of Hazardous Material(s) have occurred at, from, in, to, on, or under any Site and no Hazardous Material is present in, on, about or migrating to or from any Site.

(f) To the knowledge of the Company, no Site is a current or proposed Environmental Clean-up Site.

(g) To the knowledge of the Company, there is no (i) underground storage tank, active or abandoned, (ii) polychlorinated biphenyl containing equipment, (iii) asbestos-containing material, (iv) radon, (v) lead-based paint or (vi) urea formaldehyde at any Site.

(h) To the knowledge of the Company, there have been no environmental investigations, studies, audits, tests, reviews or other analyses conducted with respect to any Site which have not been delivered to Parent prior to execution of this Agreement.

(i) Except as set forth on Section 2.21 of the Disclosure Schedule, the Company is not a party, whether as a direct signatory or as successor, assign, third party beneficiary or otherwise, to, and is not otherwise bound by, any lease or other contract under which the Company is obligated or may be obligated by any representation, warranty, covenant, restriction, indemnification or other undertaking respecting Hazardous Materials or under which any other person is or has been released respecting Hazardous Materials, except as would not reasonably be expected to have a material adverse effect on the Business or Condition of the Company.

(j) To the knowledge of the Company, the Company has provided all notifications and warnings, made all reports, and kept and maintained all records required pursuant to Environmental Laws.

**2.22 Substantial Customers and Suppliers.** Section 2.22(a) of the Company Disclosure Schedule lists the 15 largest customers of the Company, on the basis of revenues

collected or accrued for the most recent complete fiscal year. Section 2.22(b) of the Company Disclosure Schedule lists the 15 largest suppliers of the Company on the basis of cost of goods or services purchased for the most recent fiscal year. No such customer or supplier has ceased or materially reduced its purchases from or sales or provision of services to the Company since January 1, 1999, or, to the knowledge of the Company, has threatened to cease or materially reduce such purchases or sales or provision of services after the date hereof. To the knowledge of the Company, no such customer or supplier is threatened with bankruptcy or insolvency.

**2.23 Other Negotiations; Brokers; Third Party Expenses.** Neither the Company nor, to the knowledge of the Company, any of its Affiliates (nor any investment banker, financial advisor, attorney, accountant or other Person retained by or acting for or on behalf of the Company or any such Affiliate) (a) has entered into any Contract that conflicts with any of the transactions contemplated by this Agreement or (b) has entered into any Contract or had any discussions with any Person regarding any transaction involving the Company which could result in Broadcom, the Company or any general partner, limited partner, manager, officer, director, employee, agent or Affiliate of any of them being subject to any claim for liability to said Person as a result of entering into this Agreement or consummating the transactions contemplated hereby. No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or similar fee or commission in connection with this Agreement and the transactions contemplated hereby based on arrangements made by or on behalf of the Company. Section 2.23 of the Company Disclosure Schedule sets forth the principal terms and conditions of any Contract with respect to, and the Company's good faith estimate of, all Third Party Expenses expected to be incurred by the Company in connection with the negotiation and effectuation of the terms and conditions of this Agreement and the transactions contemplated hereby.

**2.24 Banks and Brokerage Accounts.** Section 2.24 of the Company Disclosure Schedule sets forth (a) a true and complete list of the names and locations of all banks, trust companies, securities brokers and other financial institutions at which the Company has an account or safe deposit box or maintains a banking, custodial, trading or other similar relationship, (b) a true and complete list and description of each such account, box and relationship, indicating in each case the account number and the names of the respective officers, employees, agents or other similar representatives of the Company having signatory power with respect thereto and (c) a list of each Investment Asset, the name of the record and beneficial owner thereof, the location of the certificates, if any, therefor, the maturity date, if any, and any stock or bond powers or other authority for transfer granted with respect thereto.

**2.25 Warranty Obligations.** Section 2.25 of the Company Disclosure Schedule sets forth (a) a list of all forms of written warranties, guarantees and written warranty policies of the Company in respect of any of the Company's products and services, which are currently in effect (the "Warranty Obligations"), and the duration of each such Warranty Obligation, (b) each of the Warranty Obligations which is subject to any dispute or, to the knowledge of the Company, threatened dispute and (c) the experience of the Company with respect to warranties, guarantees and warranty policies of or relating to the Company's products and services. True and correct copies of the Warranty Obligations have been

delivered to Broadcom prior to the execution of this Agreement. Except as disclosed in Section 2.25 of the Company Disclosure Schedule, (i) there have not been any material deviations from the Warranty Obligations, and salespersons, employees and agents of the Company are not authorized to undertake obligations to any customer or other Person in excess of such Warranty Obligations and (ii) the balance sheet included in the Interim Financial Statements reflects adequate reserves for Warranty Obligations.

**2.26 Foreign Corrupt Practices Act.** Neither the Company, nor to the knowledge of the Company, any agent, employee or other Person associated with or acting on behalf of the Company has, directly or indirectly, used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity, made any unlawful payment to foreign or domestic government officials or employees or to foreign or domestic political parties or campaigns from corporate funds, violated any provision of the Foreign Corrupt Practices Act of 1977, as amended, or made any bribe, rebate, payoff, influence payment, kickback or other similar unlawful payment.

**2.27 Pooling of Interests; Tax-Free Reorganization.** Neither the Company nor any of its directors, officers or stockholders has taken any action which could reasonably be expected to preclude Broadcom's ability to account for the Merger as a Pooling of Interests or jeopardize the status of the Merger as a "reorganization" within the meaning of Section 368(a) of the Code.

**2.28 Financial Projections.** The Company has made available to Broadcom certain financial projections with respect to the Company's business which projections were prepared for internal use only. The Company makes no representation or warranty regarding the accuracy of such projections or as to whether such projections will be achieved, except that the Company represents and warrants that such projections were prepared in good faith and are based on assumptions believed by it to be reasonable at the time made.

**2.29 Approvals.**

(a) Section 2.29(a) of the Company Disclosure Schedule contains a list of all material Approvals of Governmental or Regulatory Authorities relating to the business conducted by the Company which are required to be given to or obtained by the Company from any and all Governmental or Regulatory Authorities in connection with the consummation of the transactions contemplated by this Agreement (other than the filing of the Certificate of Merger, the California Agreement of Merger, together with the required officers' certificates, and such consents, approvals, orders, authorizations, registrations, declarations and filings as may be required under state or federal securities laws).

(b) Except as set forth in Section 2.29(b)(1) of the Company Disclosure Schedule, the Company has obtained all material Approvals from Governmental or Regulatory Authorities necessary to conduct the business conducted by the Company in the manner as it is currently being conducted, and there has been no written notice received by the Company of any material violation or material non-compliance with any such Approvals. All material Approvals from Governmental or Regulatory

Authorities necessary to conduct the business conducted by the Company as it is currently being conducted are set forth in Section 2.29(b)(2) of the Company Disclosure Schedule.

(c) The affirmative vote or consent of the holders of (i) a majority of the shares of Company Common Stock, Company Series A Preferred Stock, Company Series B Preferred Stock outstanding as of the applicable record date voting together, and (ii) a majority of the shares of Company Series A Preferred Stock and Company Series B Preferred Stock outstanding as of the applicable record date, voting as separate classes, are the only votes of the holders of any of the Company Capital Stock necessary to adopt this Agreement and approve the Merger and the transactions contemplated hereby.

(d) The shares owned by the Major Stockholders constitute (x) a majority of the Company Common Stock, (y) a majority of the Company Series A Preferred Stock, and (z) a majority of the Company Series B Preferred Stock.

2.30 Takeover Statutes. No Takeover Statute applicable to the Company is applicable to the Merger or the transactions contemplated hereby.

2.31 Information Supplied by the Company.

(a) The information supplied by the Company for inclusion in the application (the "Permit Application") for issuance of a permit pursuant to Section 25121 of the California Code (the "California Permit") for the qualification of the shares of Broadcom Common Stock to be issued in connection with the Merger shall not either at the time the Fairness Hearing is held or the time the qualification of such securities is effective under Section 25122 of the California Code contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The information supplied by the Company for inclusion in the information statement to be sent to the stockholders of the Company in connection with the Company stockholders' consideration of the Merger (such information statement as amended or supplemented is referred to herein as the "Information Statement") shall not, on the date the Information Statement is first mailed to the Company's stockholders, at the time of the Company Stockholders' Action and at the Effective Time, contain any statement which, at such time, is false or misleading with respect to any material fact, or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they are made, not false or misleading; or omit to state any material fact necessary to correct any statement in any earlier communication with respect to the solicitation of proxies for the Company Stockholders' Action which has become false or misleading. Notwithstanding the foregoing, the Company makes no representation, warranty or covenant with respect to any information supplied by Broadcom which is contained in the Permit Application or the Information Statement.



(b) If the parties prepare and file the Registration Statement, the information supplied by the Company (i) for inclusion in the Registration Statement shall not at the time the Registration Statement or any amendments thereto is filed with the SEC or at the time the Registration Statement is declared effective by the SEC contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading and (ii) for inclusion in the proxy statement to be sent to the stockholders of the Company in connection with Company Stockholders' Action (such proxy statement as amended or supplemented is referred to herein as the "Proxy Statement/Prospectus") shall not, on the date the Proxy Statement/Prospectus is mailed to the Company's stockholders, at the time of the Company Stockholders' Action and at the Effective Time, contain any statement which, at such time, is false or misleading with respect to any material fact, or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they are made, not false or misleading; or omit to state any material fact necessary to correct any statement in any earlier communication with respect to the solicitation of proxies for the Company Stockholders' Action which has become false or misleading. Notwithstanding the foregoing, the Company makes no representation, warranty or covenant with respect to any information supplied by Broadcom or Merger Sub which is contained in either the Registration Statement or the Proxy Statement/Prospectus.

2.32 Disclosure. No representation or warranty contained in this Agreement, and no statement contained in the Company Disclosure Schedule or in any certificate, list or other writing furnished to Broadcom pursuant to any provision of this Agreement (including the Company Financials and the notes thereto) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements herein or therein, in the light of the circumstances under which they were made, not misleading.

### ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF BROADCOM

Broadcom hereby represents and warrants to the Company, subject to such exceptions as are specifically disclosed with respect to specific numbered and lettered sections and subsections of this Article 3 in the disclosure schedule and schedule of exemptions (the "Broadcom Disclosure Schedule") delivered herewith and dated as of the date hereof, and numbered with corresponding numbered and lettered sections and subsections, as follows:

3.1 Organization and Qualification. Broadcom is a corporation duly organized, validly existing and in good standing under the Laws of the State of California. Broadcom has full corporate power and authority to conduct its business as now conducted and as currently proposed to be conducted and to own, use and lease its Assets and Properties. Broadcom is duly qualified, licensed or admitted to do business and is in good standing in each jurisdiction in which the ownership, use, licensing or leasing of its Assets and Properties, or the conduct or nature of its business, makes such qualification, licensing or admission necessary, except for such failures to be so duly qualified, licensed or admitted

and in good standing that could not reasonably be expected to have a material adverse effect on the Business or Condition of Broadcom.

**3.2 Authority Relative to this Agreement.** Broadcom has full corporate power and authority to execute and deliver this Agreement and the Ancillary Agreements to which it is a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Broadcom of this Agreement and the Ancillary Agreements to which it is a party and the consummation by Broadcom of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary action by the Board of Directors of Broadcom, and no other action on the part of the Board of Directors of Broadcom is required to authorize the execution, delivery and performance of this Agreement and the Ancillary Agreements to which it is a party and the consummation by Broadcom of the transactions contemplated hereby and thereby. This Agreement and the Ancillary Agreements to which Broadcom is a party have been or will be, as applicable, duly and validly executed and delivered by Broadcom and, assuming the due authorization, execution and delivery hereof by the Company and/or the other parties thereto, constitutes or will constitute, as applicable, a legal, valid and binding obligation of Broadcom enforceable against Broadcom in accordance with their respective terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar Laws relating to the enforcement of creditors' rights generally and by general principles of equity.

**3.3 Issuance of Broadcom Common Stock.** The shares of Broadcom Common Stock to be issued pursuant to the Merger, when issued, will be duly authorized, validly issued, fully paid, non-assessable and issued in compliance with applicable federal and state securities laws.

**3.4 SEC Documents; Broadcom Financial Statements.** Broadcom has furnished or made available to the Company true and complete copies of all SEC Documents filed by it with the SEC since December 31, 1998, all in the form so filed. As of their respective filing dates, such SEC Documents filed by Broadcom and all SEC Documents filed after the date hereof but before the Closing complied or, if filed after the date hereof, will comply in all material respects with the requirements of the Securities Act and the Exchange Act and the rules and regulations of the SEC thereunder, as the case may be, and none of the SEC Documents contained or will contain any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading, except to the extent such SEC Documents have been corrected, updated or superseded by a document subsequently filed with the SEC. The financial statements of Broadcom, including the notes thereto, included in the SEC Documents (the "Broadcom Financial Statements") comply as to form in all material respects with the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with GAAP consistently applied (except as may be indicated in the notes thereto or, in the case of unaudited statements, as permitted by Form 10-Q under the Exchange Act) and present fairly the consolidated financial position of Broadcom at the dates thereof and the consolidated results of its operations and cash flows for the periods then ended (subject, in the case of unaudited financial statements, to

normal year-end adjustments). There has been no change in Broadcom's accounting policies except as described in the notes to the Broadcom Financial Statements. Except as reflected or reserved against in the Broadcom Financial Statements, Broadcom has no material Liabilities, except for Liabilities and obligations (i) incurred in the ordinary course of business of Broadcom or (ii) that would not be required to be reflected or reserved against in the balance sheet of Broadcom prepared in accordance with GAAP.

3.5 No Conflicts. The execution and delivery by Broadcom of this Agreement does not, and the performance by Broadcom of its obligations under this Agreement and the consummation of the transactions contemplated hereby do not and will not:

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of the articles of incorporation or by-laws of Broadcom;

(b) conflict with or result in a violation or breach of any Law or Order applicable to Broadcom or its Assets or Properties; or

(c) except as would not have a material adverse effect on the Business or Condition of Broadcom, (i) conflict with or result in a violation or breach of, (ii) constitute a default (or an event that, with or without notice or lapse of time or both, would constitute a default) under, (iii) require Broadcom to obtain any consent, approval or action of, make any filing with or give any notice to any Person as a result of the terms of (except for (I) the filing of the Certificate of Merger and the California Agreement of Merger, together with the required officer's certificate; (II) such consents approvals, orders, authorizations, registrations, declarations and filings as may be required under applicable state or federal securities laws; and (III) such filings as may be required under the HSR Act), (iv) result in or give to any Person any right of termination, cancellation, acceleration or modification in or with respect to, (v) result in or give to any person any additional rights or entitlement to increased, additional, accelerated or guaranteed payments or performance under, (vi) result in the creation or imposition of (or the obligation to create or impose) any Lien upon Broadcom or any of its Assets or Properties, or (vii) result in the loss of a material benefit under, any of the terms, conditions or provisions of any Contract or License to which Broadcom is a party or by which any of its Assets and Properties are bound.

3.6 Information to be Supplied by Broadcom.

(a) The information supplied by Broadcom for inclusion in the Permit Application shall not either at the time the Fairness Hearing is held or the time the qualification of such securities is effective under Section 25122 of the California Code contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The information supplied by Broadcom for inclusion in the Information Statement shall not, on the date the Information Statement is first mailed to the Company's stockholders, at the time of the Company Stockholders' Action and at the Effective Time, contain any statement which, at such time, is false or misleading with respect

to any material fact, or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which it is made, not false or misleading; or omit to state any material fact necessary to correct any statement in any earlier communication with respect to the solicitation of proxies for the Company Stockholders' Action which has become false or misleading. Notwithstanding the foregoing, Broadcom makes no representation, warranty or covenant with respect to any information supplied by the Company which is contained in any of the foregoing documents.

(b) If the parties prepare and file the Registration Statement, the information supplied by Broadcom for inclusion in (i) the Registration Statement shall not at the time the Registration Statement is declared effective by the SEC contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and (ii) the Proxy Statement/Prospectus shall not, on the date the Proxy Statement/Prospectus is mailed to the Company's stockholders, at the time of the Company Stockholders' Action and at the Effective Time, contain any statement which, at such time, is false or misleading with respect to any material fact, or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they are made, not false or misleading; or omit to state any material fact necessary to correct any statement in any earlier communication with respect to the solicitation of proxies for the Company Stockholders' Action which has become false or misleading. Notwithstanding the foregoing, Broadcom makes no representation, warranty or covenant with respect to any information supplied by the Company which is contained in either the Registration Statement or the Proxy Statement/Prospectus.

3.7 Investment Advisors. No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or similar fee or commission in connection with this Agreement and the transactions contemplated hereby based on arrangements made by or on behalf of Broadcom.

3.8 Tax-Free Reorganization. Neither Broadcom nor any of its directors, officers or shareholders has taken any action which could reasonably be expected to jeopardize the status of the Merger as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code.

3.9 Approvals. Other than the filing of the Certificate of Merger, the California Agreement of Merger, together with the required officers' certificates, and such consents, approvals, orders, authorizations, registrations, declarations and filings as may be required under state or federal securities laws, there are no material Approvals of Governmental or Regulatory Authorities relating to the business conducted by Broadcom required to be given to or obtained by Broadcom from any Governmental or Regulatory Authorities in connection with the consummation of the transactions contemplated by this Agreement.

#### ARTICLE 4 CONDUCT PRIOR TO THE EFFECTIVE TIME

**4.1 Conduct of Business of the Company.**

(a) During the period from the date of this Agreement and continuing until the earlier of the termination of this Agreement and the Effective Time, the Company agrees (unless Broadcom shall give its prior consent in writing which consent shall not be unreasonably withheld) to carry on its business in the usual, regular and ordinary course consistent with past practice except as expressly described in the revised Business Plan, which includes revised financial projections, which is attached to Section 4.1 of the Company Disclosure Schedule (the "New Business Plan"), to pay its Liabilities and Taxes consistent with the Company's past practices (and in any event when due), to pay or perform other obligations when due consistent with the Company's past practices (other than Liabilities, Taxes and other obligations, if any, contested in good faith through appropriate proceedings), and, to the extent consistent with such business, to use reasonable efforts and institute all policies to preserve intact its present business organization, keep available the services of its present officers and key employees and preserve its relationships with customers, suppliers, distributors, licensors, licensees, independent contractors and other Persons having business dealings with it, all with the express purpose and intent of preserving unimpaired its goodwill and ongoing businesses at the Effective Time.

(b) Except as expressly contemplated by this Agreement, the Company shall not, without the prior written consent of Broadcom, which consent shall not be unreasonably withheld, take, or agree in writing or otherwise to take, any of the actions described in Section 2.9 of this Agreement, or any other action that would make any of its representations or warranties contained in this Agreement untrue or incorrect in any material respect or prevent the Company from performing or cause the Company not to perform its agreements and covenants hereunder. Without limiting the generality of the foregoing, with respect to Section 2.9(j), any Options granted must have an exercise price of at least the fair market value of the Company Common Stock on the date the Option was granted (as determined in good faith by the Company's board of directors following consultation with, and consistent with the advice provided by, each of the Company's and Broadcom's independent public accountants).

**4.2 No Solicitation.** Until the earlier of the Effective Time and the date of termination of this Agreement pursuant to the provisions of Section 8.1 hereof, the Company will not take, nor will the Company permit any of the Company's officers, directors, employees, stockholders, attorneys, investment advisors, agents, representatives, Affiliates or Associates (collectively, "Representatives") to (directly or indirectly), take any of the following actions with any Person other than Broadcom and its designees: (a) solicit, encourage, initiate, entertain, substantially review or participate in any negotiations or discussions with any Person, other than Broadcom, relating to any offer or proposal (formal or informal, oral, written or otherwise) (a "Competing Proposed Transaction"), with respect to any possible Business Combination with the Company or any of its Subsidiaries (whether such Subsidiaries are in existence on the date hereof or are hereafter organized), (b) disclose information with respect to the Company, which is not customarily disclosed, to any Person,

other than Broadcom, relating to (or which the Company believes would be used for the purpose of formulating an offer or proposal with respect to), or otherwise assist, cooperate with, facilitate or encourage any effort or attempt by any such Person with regard to, any possible Business Combination with the Company or any Subsidiary of the Company (whether such Subsidiaries are in existence on the date hereof or are hereafter organized), (c) agree to, enter into a Contract with any Person, other than Broadcom, providing for, or approve a Business Combination with the Company or any Subsidiary (whether such Subsidiaries are in existence on the date hereof or are hereafter organized), (d) make or authorize any statement, recommendation, solicitation or endorsement in support of any possible Business Combination with the Company or any Subsidiary (whether such Subsidiary is in existence on the date hereof or are hereafter organized) other than by Broadcom, or (e) authorize or permit any of the Company's Representatives to take any such action. The Company shall immediately cease and cause to be terminated any such contacts or negotiations with any Person relating to any such transaction or Business Combination. In addition to the foregoing, if the Company receives prior to the Effective Time or the termination of this Agreement any offer or proposal (formal or informal, oral, written or otherwise) relating to, or any inquiry or contact from any Person with respect to, a Competing Proposed Transaction, the Company shall immediately notify Broadcom thereof and provide Broadcom with the details thereof, including the identity of the Person or Persons making such offer or proposal, and will keep Broadcom fully informed on a current basis of the status and details of any such offer or proposal and of any modifications to the terms thereof; provided, however, that this provision shall not in any way be deemed to limit the obligations of the Company and its Representatives set forth in the previous sentence. Each of the Company and Broadcom acknowledge that this Section 4.2 was a significant inducement for Broadcom to enter into this Agreement and the absence of such provision would have resulted in either (i) a material reduction in the merger consideration to be paid to the stockholders of the Company or (ii) a failure to induce Broadcom to enter into this Agreement.

## **ARTICLE 5 ADDITIONAL AGREEMENTS**

### **5.1 Information Statement; Permit Application; Registration Statement.**

(a) As soon as practicable after the execution of this Agreement, the Company shall prepare, with the cooperation of Broadcom, the Information Statement for the stockholders of the Company to approve this Agreement and the transactions contemplated hereby. Broadcom and the Company shall each use reasonable commercial efforts to cause the Information Statement to comply with applicable federal and state securities laws requirements. Each of Broadcom and the Company agrees to provide promptly to the other such information concerning its business and financial statements and affairs as, in the reasonable judgment of the providing party or its counsel, may be required or appropriate for inclusion in the Information Statement, or in any amendments or supplements thereto, and to cause its counsel and auditors to cooperate with the other's counsel and auditors in the preparation of the Information Statement. The Company will promptly advise Broadcom, and Broadcom will promptly advise the Company, in writing if at any

time prior to the Effective Time either the Company or Broadcom, as applicable, shall obtain knowledge of any facts that might make it necessary or appropriate to amend or supplement the Information Statement in order to make the statements contained or incorporated by reference therein not misleading or to comply with applicable law. Anything to the contrary contained herein notwithstanding, the Company shall not include in the Information Statement any information with respect to Broadcom or its affiliates or associates, the form and content of which information shall not have been approved by Broadcom prior to such inclusion.

(b) As soon as practicable after the execution of this Agreement, Broadcom shall prepare, with the cooperation of the Company, and file the Permit Application. Broadcom and the Company shall each use commercially reasonable efforts to cause the Permit Application to comply with the requirements of applicable federal and state laws. Each of Broadcom and the Company agrees to provide promptly to the other such information concerning its business and financial statements and affairs as, in the reasonable judgment of the providing party or its counsel, may be required or appropriate for inclusion in the Permit Application, or in any amendments or supplements thereto, and to cause its counsel and auditors to cooperate with the other's counsel and auditors in the preparation of the Permit Application. The Company will promptly advise Broadcom, and Broadcom will promptly advise the Company, in writing if at any time prior to the Effective Time either the Company or Broadcom, as applicable, shall obtain knowledge of any facts that might make it necessary or appropriate to amend or supplement the Permit Application in order to make the statements contained or incorporated by reference therein not misleading or to comply with applicable law. Anything to the contrary contained herein notwithstanding, Broadcom shall not include in the Permit Application any information with respect to the Company or its affiliates or associates, the form and content of which information shall not have been approved by the Company prior to such inclusion.

(c) In the event that the California Permit cannot be obtained in time to permit the Closing to occur on or before May 31, 2000, then, at the Company's election, unless Broadcom shall certify to the Company that Broadcom believes in good faith that the California Permit can be obtained within 30 days after such date, Broadcom and the Company shall use commercially reasonable efforts to prepare, and Broadcom shall file with the SEC, the Registration Statement, in which the Proxy Statement/Prospectus shall be included. Each of Broadcom and the Company agrees to provide promptly to the other such information concerning its business and financial statements and affairs as, in the reasonable judgment of the party or its counsel, may be required or appropriate for inclusion in the Proxy Statement/Prospectus or Registration Statement, or in any amendments or supplements thereto, and to cause its counsel and auditors to cooperate with the other's counsel and auditors in the preparation of the same. Each of Broadcom and the Company shall (i) cause the Proxy Statement/Prospectus and the Registration Statement to comply as to form in all material respects with the applicable provisions of the Securities Act, (ii) shall use commercially reasonable efforts to have or cause the Registration Statement to become effective as promptly as practicable and (iii)

take all or any action required under any applicable federal or state securities Laws in connection with the issuance of shares of Broadcom Common Stock pursuant to the Merger. The Company will promptly advise Broadcom, and Broadcom will promptly advise the Company, in writing if at any time prior to the Effective Time either the Company or Broadcom shall obtain knowledge of any facts that might make it necessary or appropriate to amend or supplement the Registration Statement in order to make the statements contained or incorporated by reference therein not misleading or to comply with applicable law. As promptly as practicable after the Registration Statement has become effective, the Company shall mail the Proxy Statement/Prospectus.

5.2 Stockholder Approval. As soon as practicable following the execution and delivery of this Agreement, the Company shall give written notice of this Agreement and the proposed Merger to all Company stockholders and shall use commercially reasonable efforts to take all other action necessary in accordance with Delaware Law and its certificate of incorporation and bylaws to convene a meeting of the stockholders of the Company or to secure the written consent of its stockholders ("Company Stockholders' Action") as soon as reasonably practicable following the issuance of the California Permit or twenty days following the mailing of the Proxy Statement/Prospectus to the stockholders of the Company, if no California Permit was issued. The Company shall submit this Agreement to its stockholders for adoption whether or not the Company's Board of Directors determines at any time subsequent to declaring its advisability that this Agreement is no longer advisable and recommends that the stockholders reject it. The Company shall consult with Broadcom regarding the date of the Company Stockholders' Action and shall not postpone or adjourn (other than for the absence of a quorum) any meeting of the stockholders of the Company without the consent of Broadcom, which consent shall not be unreasonably withheld. The Company shall use all commercially reasonable efforts required to solicit and obtain from stockholders of the Company proxies voting on the Merger and shall take all other action necessary or advisable to secure the vote or consent of stockholders of the Company required with respect to the Merger. The materials submitted to the stockholders of the Company in respect of the Merger shall have been subject to prior review and comment by Broadcom and shall include information regarding the Company, the terms of the Merger and this Agreement and such other documents as may be required to satisfy the applicable requirements of the Securities Act in connection with the issuance and sale of Broadcom Common Stock in the Merger.

5.3 Access to Information. Between the date of this Agreement and the earlier of the Effective Time or the termination of this Agreement, upon reasonable notice the Company shall (i) give Broadcom and its officers, employees, accountants, counsel, financing sources and other agents and representatives full access (subject to reasonable supervision and, at the Company's option, logging of information to which access is provided) to all buildings, offices, and other facilities and to all Books and Records of the Company, whether located on the premises of the Company or at another location; (ii) permit Broadcom to make such inspections as they may require; (iii) cause its officers to furnish Broadcom such financial, operating, technical and product data and other information with respect to the business and Assets and Properties of the Company as Broadcom from time to time may request, including without limitation financial statements



and schedules; (iv) allow Broadcom the opportunity to interview such employees and other personnel and Affiliates of the Company with the Company's prior written consent, which consent shall not be unreasonably withheld or delayed; and (v) assist and cooperate with Broadcom in the development of integration plans for implementation by Broadcom and the Surviving Corporation following the Effective Time; *provided, however*, that no investigation pursuant to this Section 5.3 shall affect or be deemed to modify any representation or warranty made by the Company herein. Materials furnished to Broadcom pursuant to this Section 5.3 may be used by Broadcom for strategic and integration planning purposes relating to accomplishing the transactions contemplated hereby.

5.4 Confidentiality. Each of the parties hereto hereby agrees to keep the existence and terms of this Agreement (except to the extent contemplated hereby) and such information or knowledge obtained in any investigation pursuant to Section 5.3, or pursuant to the negotiation and execution of this Agreement or the effectuation of the transactions contemplated hereby, confidential; *provided, however*, that the foregoing shall not apply to information or knowledge which (a) a party can demonstrate was already lawfully in its possession prior to the disclosure thereof by the other party, (b) is generally known to the public and did not become so known through any violation of Law, or a confidentiality agreement or other contractual, legal or fiduciary obligation of confidentiality of the disclosing party or any other party with respect to such information, (c) became known to the public through no fault of such party, (d) is later lawfully acquired by such party without confidentiality restrictions from other sources not bound by applicable confidentiality restrictions, (e) is required to be disclosed by order of court or Governmental or Regulatory Authority with subpoena powers (provided that such party shall have provided the other party with prior notice of such order and an opportunity to object or seek a protective order and take any other available action) or (f) which is disclosed without obligation of confidentiality in the course of any Action or Proceeding between any of the parties hereto. The parties acknowledge that, in April 2000, Broadcom and the Company executed a non-disclosure agreement (the "Confidentiality Agreement"), which Confidentiality Agreement shall continue in full force and effect in accordance with its terms. Without limiting the foregoing, all information furnished to Broadcom and its officers, employees, accountants and counsel by the Company, and all information furnished to the Company by Broadcom and its officers, employees, accountants and counsel, shall be covered by the Confidentiality Agreement, and Broadcom and the Company shall be fully liable and responsible under the Confidentiality Agreement for any breach of the terms and conditions thereof by their respective subsidiaries, officers, employees, accountants and counsel.

5.5 Expenses. Whether or not the Merger is consummated, all fees and expenses incurred in connection with the Merger including all legal, accounting, financial advisory, consulting and all other fees and expenses of third parties ("Third Party Expenses") incurred by a party in connection with the negotiation and effectuation of the terms and conditions of this Agreement and the transactions contemplated hereby, shall be the obligation of the respective party incurring such fees and expenses. Except as set forth in Section 5.5 of the Company Disclosure Schedule, Broadcom shall have the right to approve Third Party Expenses to be incurred by the Company between the date hereof and the Closing, including necessary fees and expenses of legal counsel, auditors and tax advisors, which such approvals will not be unreasonably withheld.

5.6 Public Disclosure. Unless otherwise required by Law (including federal and state securities laws) or, as to Broadcom, by the rules and regulations of the NASD, prior to the Effective Time, no disclosure (whether or not in response to any inquiry) of the existence of, any subject matter of, or the terms and conditions of, this Agreement shall be made by any party hereto unless approved by Broadcom and the Company prior to release; *provided, however*, that such approval shall not be unreasonably withheld or delayed.

5.7 Approvals. The Company shall use commercially reasonable efforts to obtain all Approvals from Governmental or Regulatory Authorities or under any of the Contracts or other agreements as may be required in connection with the Merger (all of such Approvals are set forth in the Disclosure Schedule) so as to preserve all rights of and benefits to the Company thereunder and Broadcom shall provide the Company with such assistance and information as is reasonably required to obtain such Approvals.

5.8 Notification of Certain Matters. The Company shall give prompt notice to Broadcom, and Broadcom shall give prompt notice to the Company, of (i) the occurrence or non-occurrence of any event, the occurrence or non-occurrence of which is likely to cause any representation or warranty of the Company or Broadcom, respectively, contained in this Agreement to be untrue or inaccurate at or prior to the Closing Date and (ii) any failure of the Company or Broadcom, as the case may be, to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder; *provided, however*, that the delivery of any notice pursuant to this Section 5.8 shall not limit or otherwise affect any remedies available to the party receiving such notice.

5.9 Pooling of Interests Accounting. The Company shall use commercially reasonable efforts (i) to allow the business combination to be effected by the Merger to be accounted for as a Pooling of Interests from and after the Effective Time and (ii) to cause its employees, directors, shareholders, Affiliates and Associates not to take any action that would adversely affect the ability of Broadcom to account for the business combination to be effected by the Merger as a Pooling of Interests from and after the Effective Time.

5.10 Company Affiliate Agreements. Schedule 5.10 sets forth those persons who, in the Company's reasonable judgment following consultation with legal counsel and accounting advisors, are or may be "affiliates" of the Company within the meaning of the SEC's Accounting Releases Nos. 130 and 135 (the "Company Affiliates"). The Company shall provide Broadcom such information and documents as Broadcom shall reasonably request for purposes of reviewing such list. The Company shall use its commercially reasonable efforts to deliver or cause to be delivered to Broadcom on or prior to the Closing from each of the Company Affiliates, an executed Company Affiliate Agreement.

5.11 Broadcom Affiliate Agreements. Schedule 5.11 sets forth those persons who, in Broadcom's reasonable judgment, are or may be "affiliates" of Broadcom within the meaning of the SEC's Accounting Releases Nos. 130 and 135 (the "Broadcom Affiliates"). Broadcom shall use its commercially reasonable efforts to deliver or cause to be delivered to Broadcom prior to the Closing from each of the Broadcom Affiliates, an executed affiliate agreement in the form attached hereto as Exhibit F (a "Broadcom Affiliate Agreement").

5.12 Additional Documents and Further Assurances. Each party hereto, at the request of the other party hereto, shall execute and deliver such other instruments and do and perform such other acts and things (including, but not limited to, all action reasonably necessary to seek and obtain any and all consents and approvals of any Government or Regulatory Authority or Person required in connection with the Merger; *provided, however*, that Broadcom shall not be obligated to consent to any divestitures or operational limitations or activities in connection therewith and no party shall be obligated to make a payment of money as a condition to obtaining any such condition or approval) as may be necessary or desirable for effecting completely the consummation of this Agreement and the transactions contemplated hereby.

5.13 Indemnification. Broadcom agrees that all rights to indemnification or exculpation (including mandatory advancement of expenses) existing on the date of this Agreement in favor of the employees, agents, directors or officers of the Company and any person who served at the Company's request as a fiduciary or other representative for any Plan maintained by the Company (the "Company Indemnified Parties") as provided in its certificate of incorporation or bylaws or indemnification agreements shall continue in full force and effect for a period of not less than six years from the Closing Date, assuming the consummation of the Merger; *provided, however*, that, in the event any claim or claims are asserted or made within such six-year period, all rights to indemnification in respect of any such claim or claims shall continue to disposition of any and all such claims. Any determination required to be made with respect to whether a Company Indemnified Party's conduct complies with the standards set forth in the certificate of incorporation or bylaws or indemnification agreements of the Surviving Corporation or otherwise shall be made by independent counsel selected by the Surviving Corporation reasonably satisfactory to the Company Indemnified Party (whose fees and expenses shall be paid by the Surviving Corporation), which such determination shall be final and binding on the parties thereto. The Company hereby represents and warrants to Broadcom that no claim for indemnification has been made by any director or officer of the Company and, to the knowledge of the Company, no basis exists for any such claim for indemnification.

5.14 Form S-8. Broadcom shall file a registration statement on Form S-8 for the shares of Broadcom Common Stock issuable with respect to assumed Company Options promptly after the Effective Time to the extent the shares of Broadcom Common Stock issuable upon exercise of such Company Options qualify for registration on Form S-8.

5.15 NNM Listing of Additional Shares Application. Broadcom shall use its commercially reasonable efforts to cause to be authorized for listing on the NNM the shares of Class A Common Stock of Broadcom into which the shares of Broadcom Common Stock to be issued, and the shares of Broadcom Common Stock required to be reserved for issuance, in connection with the Merger, will be converted upon disposition, upon official notice of issuance.

5.16 Company's Auditors. The Company will use commercially reasonable efforts to cause its management and its independent auditors to facilitate on a timely basis (i) the preparation of financial statements (including pro forma financial statements if required) as required by Broadcom to comply with applicable SEC regulations, (ii) the

review of any Company audit or review work papers, including the examination of selected interim financial statements and data, (iii) the delivery of such representations from the Company's independent accountants as may be reasonably requested by Broadcom or its accountants and (iv) the securing of a binding fee commitment (on terms similar to those in place on the date of this Agreement) with respect to consents and comfort letters requested by Broadcom after the Closing.

5.17 Termination of 401(k) Plan. Unless Broadcom requests otherwise in writing, the Board of Directors of the Company shall adopt resolutions terminating, effective prior to the Closing Date, any Plan which is intended to meet the requirements of Section 401(k) of the Code, and which is sponsored, or contributed to, by the Company or any Subsidiary. At the Closing, the Company shall provide Broadcom (i) executed resolutions of the Board of Directors of Broadcom authorizing such termination and (ii) an executed amendment to the 401(k) Plan sufficient to assure compliance with all applicable requirements of the Code and regulations thereunder so that the tax-qualified status of the 401(k) Plan will be maintained at the time of termination.

5.18 Takeover Statutes. If any Takeover Statute is or may become applicable to the transactions contemplated hereby, the Board of Directors of the Company will grant such approvals and take such actions as are necessary so that the transactions contemplated hereby may be consummated as promptly as practicable on the terms contemplated hereby and otherwise act to eliminate the effects of any Takeover Statute on any of the transactions contemplated hereby.

5.19 Additional Affiliate Agreements. Each of the Company and Broadcom agrees that if any Person would have been a Company Affiliate or Broadcom Affiliate had such Person been a stockholder of the Company or Broadcom, respectively, as of the date of this Agreement, the Company or Broadcom, as appropriate, shall cause such person to execute and deliver to the Company or Broadcom a Company Affiliate Agreement or Broadcom Affiliate Agreement, as appropriate, promptly upon such Person attaining such status.

5.20 Treatment as Reorganization. Neither Broadcom nor the Company shall take any action prior to or following the Closing that would cause the merger to fail to qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code.

5.21 Company Repurchases. The Company will exercise any rights that mature between the date hereof and the Effective Time to repurchase any outstanding shares of Company Capital Stock at the price at which such shares were issued (to the extent that such repurchases would not affect the ability of the parties to account for the Merger as a Pooling of Interests).

5.22 Information Technology Access. In furtherance of the Company's agreement in Section 5.3 and to facilitate prompt integration following the Closing of the Company's information technology ("IT") inventory (e.g., voice and data network services and software and hardware, licenses, financial/accounting software, IT budgets, etc.) with Broadcom's, the Company will provide Broadcom and its Representatives with reasonable access to the Company's IT inventory, as well as the Company's personnel responsible for such IT

inventory. Because of the substantial lead time that may be required to order and install new software and hardware to integrate the Company's IT systems with Broadcom's, and the importance of a smooth integration of such IT systems promptly after the Closing, the Company agrees that Broadcom may order, either in Broadcom's name or the Company's name, any new IT services, hardware and software that Broadcom believes will be needed at the Company's facilities in order to integrate Broadcom's and the Company's respective operations following the Closing. The Company will cooperate with Broadcom in the installation of such IT systems, hardware and software prior to and in anticipation of the Closing, including, but not limited to, providing Broadcom with reasonable access to and use of the Company's appropriate personnel. If necessary, at Broadcom's request, the Company will place IT systems, hardware and software orders in the Company's name. For clarity, it is the parties' intent not to connect any of the ordered services or systems prior to the Closing. Broadcom and the Company agree to cooperate with each other to minimize any potential disruption to the Company's business from the IT integration efforts; *provided, however*, that Broadcom will not have any liability to the Company for any such disruption or as may otherwise result from the IT integration efforts, except as may be directly caused by Broadcom's gross negligence or willful misconduct; and *provided, further* that in no event will Broadcom have any liability to the Company for any indirect, incidental, consequential, special or speculative damages, including, but not limited to, damages for loss of profits or use, business interruption or loss of goodwill, irrespective of whether such damages arise under contract, tort, statute or otherwise and whether or not the Company has given Broadcom advance notice of the possibility of such damages. If the Closing does not occur, Broadcom will, following a request by the Company, reimburse the Company for its reasonable and documented out-of-pocket costs incurred by it in connection with the ordering and installation of IT services, hardware and software. If Broadcom is so required to reimburse the Company, Broadcom will own any such hardware and software and will pay for its removal from Company premises. Broadcom and the Company will cooperate in the removal of any such hardware or software so as to minimize any disruption to the Company's business. In addition, if the Closing does not occur, the Company will cooperate with Broadcom in canceling any orders for IT services, hardware or software and will otherwise act to minimize the costs which might be incurred in connection with the IT integration efforts.

5.23 Change of Merger Form. The Company agrees that in the event Broadcom requests that the transactions contemplated hereby be effected through a different form of merger (including a reverse triangular or forward triangular merger) than the form presently contemplated herein, and provided that the alternative form of merger in any event qualifies as a tax-free reorganization, the Company shall cooperate with Broadcom in effecting the alternative form of merger and will take all reasonably necessary action towards such end, including, but not limited to the execution of any amendments to this Agreement (provided such amendments relate only to the alternative form of merger and any related matters and do not include any other substantive changes not otherwise agreed between the parties).

5.24 Intellectual Property. The Company shall give Broadcom prompt notice of that any Person shall have (i) commenced, or shall have notified the Company that it intends to commence, an Action or Proceeding or (ii) provided the Company with notice, in either case which allege(s) that any of the Intellectual Property, including the Company Intellectual

Property, presently embodied, or proposed to be embodied, in the Company's products or utilized in Company-designed or modified development tools (including standard cells) or design environments infringes or otherwise violates the intellectual property rights of such Person, is available for licensing from a potential licensor providing the notice or otherwise alleges that the Company does not otherwise own or have the right to exploit such Intellectual Property, including the Company Intellectual Property. The Company shall cooperate with Broadcom in making arrangements, prior to the Closing Date, satisfactory to Broadcom in its sole discretion to effect the assignment to the Company of all Intellectual Property created by the Company's founders, employees and consultants, including certain Intellectual Property created by the Company's founders prior to the Company's incorporation, and to obtain the cooperation of such Persons to complete all appropriate patent filings related thereto. The Company shall take commercially reasonable actions to maintain, perfect, preserve or renew the Company Registered Intellectual Property, including, without limitation, the payment of any registration, maintenance, renewal fees, annuity fees and taxes or the filing of any documents, applications or certificates related thereto, and to promptly respond and prepare to respond to all requests, related to the Company Registered Intellectual Property, received from Governmental or Regulatory Authorities. At the Closing, the Company will notify Broadcom of all material actions which must be taken within the 180 days following the Closing Date and which are necessary to maintain, perfect, preserve or renew the Company Registered Intellectual Property, including the payment of any registration, maintenance, renewal fees, annuity fees and taxes or the filing of any documents, applications or certificates related thereto.

**5.25 Delivery of Stock Ledger and Minute Book of the Company.** The Company shall deliver its stock ledger and minute book to Broadcom at the Closing.

**5.26 Adjustment to Aggregate Share Number.** The parties hereto acknowledge that the Company intends to issue Company Options to new employees of the Company in the ordinary course of business between the date hereof and the Closing Date. Broadcom and the Company acknowledge that on the Closing Date the Aggregate Share Number will be adjusted, in the manner set forth in Schedule 5.26, to reflect the net effect of grants of Company Options to employees of the Company hired after May 31, 2000 and grants to employees of the Company hired after the date of this Agreement and prior to May 31, 2000 (other than the first three of such employees) over the number of Company Options surrendered due to the termination of the employment of Company employees after the date hereof. The Company agrees that it will seek Broadcom's prior written approval of any grant of Company Options to any new employee which would trigger an adjustment to the Aggregate Share Number, which consent shall not be unreasonably withheld or delayed. Notwithstanding anything in this Section 5.26 to the contrary, no adjustment to the Aggregate Share Number shall be made for any grant of Company Options by the Company which Broadcom did not approve in writing. In no event will the Closing be delayed, postponed or affected if there is a dispute between the Company and Broadcom as to whether the Aggregate Share Number is required to be increased pursuant to this Section. If any such dispute cannot be resolved before the Closing, such dispute will be resolved post-Closing by Broadcom and the Stockholder Representative pursuant to the dispute resolution provisions of this Agreement.

5.27 Loan. If the Closing does not occur on May 31, 2000, then on June 1, 2000, Broadcom shall loan the Company \$10,000,000 on the terms and subject to the conditions set forth in the promissory note attached hereto as Exhibit K.

## ARTICLE 6 CONDITIONS TO THE MERGER

6.1 Conditions to Obligations of Each Party to Effect the Merger. The respective obligations of each party to this Agreement to effect the Merger shall be subject to the satisfaction at or prior to the Closing of the following conditions:

(a) Governmental and Regulatory Approvals. Approvals from any Governmental or Regulatory Authority (if any) necessary for consummation of the transactions contemplated hereby shall have been timely obtained; and any waiting period applicable to the consummation of the Merger under the HSR Act (other than with respect to the receipt of Broadcom Common Stock by a stockholder of the Company) shall have expired or been terminated.

(b) Securities Law Compliance. Either (a) the Fairness Hearing shall have been held, and the California Permit (which shall include a finding of fairness) shall have been issued, or (b) the Registration Statement shall have been declared effective by the SEC, and no stop order shall be in effect and no proceeding for that purpose shall have been commenced or, to the parties knowledge, threatened with respect to such Registration Statement.

(c) No Injunctions or Regulatory Restraints; Illegality. No temporary restraining order, preliminary or permanent injunction or other Order issued by any court of competent jurisdiction or Governmental or Regulatory Authority or other legal or regulatory restraint or prohibition preventing the consummation of the Merger shall be in effect; nor shall there be any action taken, or any Law or Order enacted, entered, enforced or deemed applicable to the Merger or the other transactions contemplated by the terms of this Agreement that would prohibit the consummation of the Merger or which would permit consummation of the Merger only if certain divestitures were made or if Broadcom were to agree to limitations on its business activities or operations.

(d) Legal Proceedings. No Governmental or Regulatory Authority shall have notified either party to this Agreement that such Governmental or Regulatory Authority intends to commence proceedings to restrain or prohibit the transactions contemplated hereby or force rescission, unless such Governmental or Regulatory Authority shall have withdrawn such notice and abandoned any such proceedings prior to the time which otherwise would have been the Closing Date.

(e) Tax Opinions. Broadcom and the Company shall each have received written opinions from their counsel, in form and substance reasonably satisfactory to each of them, to the effect that the Merger will constitute a reorganization within the meaning of Section 368(a) of the Code. The parties to this Agreement agree to make such reasonable representations as requested by such counsel for the purpose of rendering such opinions.

(f) Stockholder Approval. The Merger shall have been approved by the requisite votes of the Company's stockholders in accordance with Delaware Law.

(g) NNM Listing. The shares of Class A Common Stock of Broadcom into which the Broadcom Common Stock issuable to stockholders of the Company pursuant to this Agreement and such other shares required to be reserved for issuance in connection with the Merger will be converted upon disposition shall have been authorized for listing on the NNM upon official notice of issuance.

6.2 Additional Conditions to Obligations of the Company. The obligations of the Company to consummate the Merger and the other transactions contemplated by this Agreement shall be subject to the satisfaction at or prior to the Closing of each of the following conditions, any of which may be waived, in writing, exclusively by the Company:

(a) Representations and Warranties. The representations and warranties of Broadcom contained in this Agreement shall be accurate in all respects as of the date of this Agreement and shall be accurate in all respects as of the Closing Date as if made on and as of the Closing Date, except that any inaccuracies in such representations and warranties will be disregarded if the circumstances giving rise to all such inaccuracies (considered collectively) do not constitute, and would not reasonably be expected to have, a material adverse change on the Business or Condition of Broadcom; *provided, however*, that, for purposes of determining the accuracy of such representations and warranties, all "material adverse change in the Business or Condition of Broadcom" qualifications and other materiality qualifications contained in such representations and warranties shall be disregarded.

(b) Performance. Broadcom shall have performed and complied with in all material respects each agreement, covenant and obligation required by this Agreement to be so performed or complied with by the Broadcom at or before the Closing.

(c) Officers' Certificates. Broadcom shall have delivered to the Company a certificate, dated the Closing Date and executed by its President and Chief Executive Officer, substantially in the form set forth in Exhibit G-1 hereto, and a certificate, dated the Closing Date and executed by the Secretary of Broadcom, substantially in the form set forth in Exhibit G-2 hereto.

(d) Legal Opinion. The Company shall have received a legal opinion from Brobeck, Phleger & Harrison LLP, counsel to Broadcom, as to the matters set forth in Exhibit H.

(e) Tax Representation Letter. Broadcom shall have executed and delivered to Brobeck, Phleger & Harrison LLP and Latham & Watkins a Tax Representation Letter in the form mutually agreed to by the parties.

6.3 Additional Conditions to the Obligations of Broadcom. The obligations of Broadcom to consummate the Merger and the other transactions contemplated by this Agreement shall be subject to the satisfaction at or prior to the Closing of each of the following conditions, any of which may be waived, in writing, exclusively by Broadcom:



(a) Representations and Warranties. The representations and warranties of the Company contained in this Agreement shall be accurate in all respects as of the date of this Agreement and shall be accurate in all respects as of the Closing Date as if made on and as of the Closing Date, except that any inaccuracies in such representations and warranties will be disregarded if the circumstances giving rise to all such inaccuracies (considered collectively) do not constitute, and would not reasonably be expected to have, a material adverse change on the Business or Condition of the Company; *provided, however*, that, for purposes of determining the accuracy of such representations and warranties, (i) all "material adverse change in the Business or Condition of the Company" qualifications and other materiality qualifications contained in such representations and warranties shall be disregarded and (ii) any update of or modification to the Company Disclosure Schedule made or purported to have been made after the date of this Agreement (other than to reflect actions taken by the Company which are not in violation of the covenants of this Agreement) shall be disregarded.

(b) Performance. The Company shall have performed and complied with in all material respects each agreement, covenant and obligation required by this Agreement to be so performed or complied with by the Company on or before the Closing Date.

(c) Officers' Certificates. The Company shall have delivered to Broadcom a certificate, dated the Closing Date and executed by the President and Chief Executive Officer of the Company, substantially in the form set forth in Exhibit I-1 hereto, and a certificate, dated the Closing Date and executed by the Secretary of the Company, substantially in the form set forth in Exhibit I-2 hereto.

(d) Third Party Consents. Broadcom shall have been furnished with evidence satisfactory to it that the Company has obtained the consents, approvals and waivers listed in Section 2.6 of the Disclosure Schedule (except for such consents, approvals and waivers the failure of which to receive could not reasonably be expected to have a material adverse effect on the Company).

(e) Legal Opinion. Broadcom shall have received a legal opinion from Latham & Watkins, legal counsel to the Company, as to the matters set forth in Exhibit J.

(f) Non-Competition Agreements. Each of the persons listed on Schedule 6.3(f) ("Key Employees") shall have executed and delivered to Broadcom a Non-Competition Agreement.

(g) Tax Representation Letter. The Company shall have executed and delivered to Brobeck, Phleger & Harrison LLP and Latham & Watkins a Tax Representation Letter in the form mutually agreed to by the parties.

(h) Performance of Support Agreements. Each of the Major Stockholders shall have performed in all material respects his, hers or its obligations under Support Agreement.

(i) Limitation on Dissent. Holders of no more than 5% of the outstanding shares of Company Capital Stock shall have exercised, nor shall they have any

continued right to exercise, appraisal, dissenters' or similar rights under applicable law with respect to their shares by virtue of the Merger.

(j) No Material Adverse Change. There shall have occurred no material adverse change in the Business or Condition of the Company since the date hereof; *provided, however*, that none of the following, in and of themselves, shall constitute a material adverse change: (i) changes or effects which are primarily and directly caused by the execution, delivery or performance of the pre-closing covenants set forth in this Agreement or the public announcement of the transactions contemplated hereby (the Company shall advise Broadcom in advance if it believes that performance of such pre-closing covenants will have such effect), (ii) any material adverse change resulting from changes in economic conditions in the economy generally, (iii) any material adverse change resulting from the change in the Company's business and operations following its adoption of the New Business Plan, and (iv) any material adverse change resulting from any general change in the market for the Company's products (it being understood that in any controversy concerning this Section 6.3(j), Broadcom shall have the burden of proof with respect to the occurrence of a material adverse change in the Business or Condition of the Company).

(k) Company Intellectual Property. No Person shall have (i) commenced, or shall have notified either party to this Agreement that it intends to commence, an Action or Proceeding or (ii) provided the Company with notice, in either case which allege(s) that any of the Intellectual Property, including the Company Intellectual Property, presently embodied, or proposed to be embodied, in the Company's products or utilized in Company-designed or modified development tools (including standard cells) or design environments infringes or otherwise violates the intellectual property rights of such Person or otherwise alleges that the Company does not otherwise own or have the right to exploit such Intellectual Property, including the Company Intellectual Property, unless such Person shall have withdrawn such notice and abandoned any such Action or Proceeding prior to the time which otherwise would have been the Closing Date.

(l) Employees.

(i) All of the Key Employees shall continue to be employed by the Company on the Closing Date (and shall not have given any notice or other indication that they are not willing to be employed by Broadcom or a Subsidiary of Broadcom (as Broadcom shall designate), following the Merger; *provided* that this condition shall be deemed to be satisfied if one (but not more than one) Key Employee (other than K. C. Murphy) ceases to be employed by the Company as a result of death or bona fide permanent disability.

(ii) At least 47 of the reasonably qualified engineering and research and development employees of the Company employed as of the date of this Agreement or within two weeks following the date of this Agreement (other than Key Employees) (the "Minimum Number of Engineers") shall continue to be employed by the Company on the Closing Date and shall not have given any notice or other indication that they are not willing to be employed by Broadcom or a Subsidiary of Broadcom (as Broadcom shall designate) following the Merger (it being understood and agreed that no

more than one Company employee who ceases to be employed by the Company as a result of death or *bona fide* permanent disability will be excluded from this number); *provided, however*, that if the Closing Date is after May 31, 2000, this condition shall be deemed to be satisfied if (A) on May 31, 2000, this condition was satisfied and (B) since May 31, 2000, the Company has made reasonable efforts to retain the Minimum Number of Engineers.

(m) Opinion of Accountants. Broadcom shall have received a letter, dated on or prior to the Closing Date, from Ernst & Young LLP regarding its concurrence with Broadcom management's conclusions as to the appropriateness of accounting for the Merger as a Pooling of Interests if the Merger is closed and consummated in accordance with this Agreement; *provided* that this condition shall be deemed to be satisfied if Ernst & Young LLP is unable to deliver such letter based upon actions taken by Broadcom.

(n) Major Stockholder Agreements.

(i) Each Company Affiliate and Broadcom Affiliate shall have executed and delivered to Company and Broadcom a Company Affiliate Agreement and Broadcom Affiliate Agreement, respectively, and no breach of any Company Affiliate Agreement or Broadcom Affiliate Agreement shall have occurred or be continuing.

(ii) The Major Stockholders have executed and delivered to Broadcom a Support Agreement and no breach of any Support Agreement shall have occurred or be continuing.

(o) Certain Waivers and Actions. All shares of Company Series A Preferred Stock and Company Series B Preferred Stock that would otherwise be outstanding at or immediately prior to the Effective Time shall have been converted, in full, into Company Common Stock; all outstanding Company Warrants that would otherwise be outstanding at or immediately prior to the Effective Time shall have been exercised in full for shares of Company Capital Stock prior to the Effective Time (and thereafter converted, as applicable, into shares of Company Common Stock) and the holders of all outstanding Company Warrants shall have executed and delivered to the Company waivers of notice with respect to any notice that would otherwise be applicable to the Merger.

**ARTICLE 7**  
**SURVIVAL OF REPRESENTATIONS, WARRANTIES, COVENANTS AND**  
**AGREEMENTS; ESCROW PROVISIONS**

**7.1 Survival of Representations, Warranties, Covenants and Agreements.** Notwithstanding any right of Broadcom or the Company (whether or not exercised) to investigate the affairs of Broadcom or the Company (whether pursuant to Section 5.3 or otherwise) or a waiver by Broadcom or the Company of any condition to Closing set forth in Article 6, each party shall have the right to rely fully upon the representations, warranties, covenants and agreements of the other party contained in this Agreement or in any instrument delivered pursuant to this Agreement. Except as otherwise provided in Section 9.5, all of the representations, warranties, covenants and agreements of the Company and Broadcom contained in this Agreement or in any instrument delivered pursuant to this

Agreement shall survive the Merger and continue until first anniversary of the Closing Date (the "Expiration Date").

7.2 Escrow Provisions.

(a) Establishment of the Escrow Fund. As soon as practicable after the Effective Time, the Escrow Amount, without any act of any stockholder, will be deposited with the Depositary Agent (plus a proportionate share of any additional shares of Broadcom Common Stock as may be issued upon any stock splits, stock dividends or recapitalizations effected by Broadcom following the Effective Time), such deposit to constitute the "Escrow Fund" to be governed by the terms set forth herein. Notwithstanding any other provision of this Agreement to the contrary, it is agreed that such terms may be changed, with the consent of Broadcom and the Company (which consent shall not be unreasonably withheld), as necessary from time to time to comply with then current interpretations of the requirements of paragraph 47(g) of APB Opinion No. 16, Interpretation 30 of APB 16 issued by the AICPA, and the interpretations of the staff of the SEC to the extent such interpretations shall apply to the transactions contemplated by this Agreement. The portion of the Escrow Amount contributed on behalf of each stockholder of the Company shall be in proportion to the aggregate number of shares of Broadcom Common Stock which such holder would otherwise be entitled under Section 1.6. Notwithstanding the references in this Agreement to the "escrow" and the Escrow Fund, the parties acknowledge and agree that the Depositary Agent is acting as a depository and not as an escrow agent pursuant to this Article 7.

(b) Recourse to the Escrow Fund. The Escrow Fund shall be available to compensate Broadcom and its officers, directors, employees, agents, Affiliates and Associates for any and all Losses (whether or not involving a Third Party Claim), incurred or sustained by Broadcom, its officers, directors, employees, agents, Affiliates or Associates, directly or indirectly, as a result of any inaccuracy or breach of any representation, warranty, covenant or agreement of the Company contained herein or in the Ancillary Documents or in any instrument delivered pursuant to this Agreement; *provided, however*, that Broadcom may not make any claims against the Escrow Fund unless the aggregate Losses incurred or sustained exceed \$375,000 (at which such time claims may be made for all such Losses incurred or sustained, including the first \$375,000 of such Losses), Broadcom and the Company each acknowledge that such Losses, if any, would relate to unresolved contingencies existing at the Effective Time, which if resolved at the Effective Time would have led to a reduction in the aggregate Merger consideration to be paid to the stockholders of the Company. Notwithstanding the foregoing, no claim or series of claims in excess of 7.5% of the Aggregate Share Number may be made by Broadcom against the Escrow Fund with respect to Losses arising out of, related to or otherwise by virtue of breaches of the representations and warranties in Section 2.16 (whether as of the date of this Agreement or as of the Closing). The stockholders of the Company shall not have any liability under this Agreement of any sort whatsoever in excess of the Escrow Fund, except in the event of fraud or willful misconduct (*i.e.*, an intentional breach of a representation, warranty, covenant or agreement, but

excluding a negligent or reckless breach) by the Company of any of its representations, warranties, agreements or covenants contained herein or in any other instrument or document required to be delivered pursuant to this Agreement in connection herewith. In the event of such a fraudulent breach, Broadcom shall have all remedies available at law or in equity (including for tort) with respect to such breach; *provided, however*, that, notwithstanding anything to the contrary contained in this Agreement, in no event shall any stockholder of the Company have any liability in excess of the Merger consideration received by such stockholder in connection with the Merger or the proceeds, if any, received by such stockholder in connection with the disposition of such Merger consideration.

(c) Escrow Period; Distribution of Escrow Fund upon Termination of Escrow Period. Subject to the following requirements, the Escrow Fund shall be in existence immediately following the Effective Time and shall terminate at 5:00 p.m., Pacific Time, on the Expiration Date (the period of time from the Effective Time through and including the Expiration Date is referred to herein as the "Escrow Period"); and all shares of Broadcom Common Stock remaining in the Escrow Fund shall be distributed as set forth in this Section 7.2(c); *provided, however*, that the Escrow Period shall not terminate with respect to such amount (or some portion thereof) that is necessary in the reasonable judgment of Broadcom, subject to the objection of the Stockholder Representative and the subsequent arbitration of the matter in the manner as provided in Section 9.10 hereof, to satisfy any unsatisfied claims under this Section 7.2 concerning facts and circumstances existing prior to the termination of such Escrow Period which claims are specified in any Officer's Certificate delivered to the Depositary Agent prior to termination of such Escrow Period. As soon as all such claims, if any, have been resolved, the Depositary Agent shall deliver to the stockholders of the Company the remaining portion of the Escrow Fund not required to satisfy such claims. Deliveries of shares of Broadcom Common Stock remaining in the Escrow Fund to the stockholders of the Company pursuant to this Section 7.2(c) shall be made ratably in proportion to their respective contributions to the Escrow Fund. Each stockholder of the Company who would otherwise be entitled to a fraction of a share of Broadcom Common Stock (after aggregating all fractional shares of Broadcom Common Stock to be received by such holder) shall be entitled to receive from Broadcom an amount of cash (rounded to the nearest whole cent) equal to the product of (a) such fraction, multiplied by (b) the Closing Price. Broadcom shall use its commercially reasonable efforts to have such shares and cash delivered within five Business Days after such resolution.

(d) Protection of Escrow Fund.

(i) The Depositary Agent shall hold and safeguard the Escrow Fund during the Escrow Period, shall treat such fund as a trust fund in accordance with the terms of this Agreement and not as the property of Broadcom and shall hold and dispose of the Escrow Fund only in accordance with the terms hereof.

(ii) Any shares of Broadcom Common Stock or other Equity Equivalents securities issued or distributed by Broadcom ("New Shares") in respect of Broadcom Common Stock in the Escrow Fund which have not been released from the

Escrow Fund shall be added to the Escrow Fund. New Shares issued in respect of shares of Broadcom Common Stock which have been released from the Escrow Fund shall not be added to the Escrow Fund but shall be distributed to the record holders thereof. Cash dividends on Broadcom Common Stock shall not be added to the Escrow Fund but shall be distributed to the record holders of the Broadcom Common Stock on the record date set for any such dividend.

(iii) Each stockholder shall have voting rights with respect to the shares of Broadcom Common Stock contributed to the Escrow Fund by such stockholder (and on any voting securities added to the Escrow Fund in respect of such shares of Broadcom Common Stock).

**(e) Claims Upon Escrow Fund.**

(i) Upon receipt by the Depositary Agent at any time on or before the last day of the Escrow Period of a certificate signed by any officer of Broadcom (an "Officer's Certificate"): (A) stating that Broadcom has paid or properly accrued or reasonably anticipates that it will have to pay or accrue Losses, directly or indirectly, as a result of any inaccuracy or breach of any representation, warranty, covenant or agreement of the Company contained herein or in any instrument delivered pursuant to this Agreement, and (B) specifying in reasonable detail the individual items of Losses included in the amount so stated, the date each such item was paid or properly accrued, or the basis for such anticipated liability, and the nature of the misrepresentation, breach of warranty, agreement or covenant to which such item is related (including the specific provision breached), the Depositary Agent shall, subject to the provisions of Section 7.2(f) hereof, deliver to Broadcom out of the Escrow Fund, as promptly as practicable, shares of Broadcom Common Stock held in the Escrow Fund in an amount equal to such Losses. Where the basis for a claim upon the Escrow Fund by Broadcom is that Broadcom reasonably anticipates that it will pay or accrue a Loss, no payment will be made from the Escrow Fund for such Loss unless and until such Loss is actually paid or accrued.

(ii) For the purposes of determining the number of shares of Broadcom Common Stock to be delivered to Broadcom out of the Escrow Fund pursuant to Section 7.2(e)(i), the shares of Broadcom Common Stock shall be valued at the Closing Price.

**(f) Objections to Claims.** At the time of delivery of any Officer's Certificate to the Depositary Agent, a duplicate copy of such certificate shall be delivered to the Stockholder Representative and for a period of 30 days after such delivery, the Depositary Agent shall make no delivery to Broadcom of any Escrow Amounts pursuant to Section 7.2(e) hereof unless the Depositary Agent shall have received written authorization from the Stockholder Representative to make such delivery. After the expiration of such 30 day period, the Depositary Agent shall make delivery of shares of Broadcom Common Stock from the Escrow Fund in accordance with Section 7.2(e) hereof, provided that no such payment or delivery may be made if the Stockholder Representative shall object in a written statement to the claim made in the Officer's Certificate, and such statement shall have been delivered to the Depositary Agent prior to the expiration of such 30 day period.

**(g) Resolution of Conflicts; Arbitration.**

(i) In case the Stockholder Representative shall object in writing to any claim or claims made in any Officer's Certificate, the Stockholder Representative and Broadcom shall attempt in good faith to agree upon the rights of the respective parties with respect to each of such claims. If the Stockholder Representative and Broadcom should so agree, a memorandum setting forth such agreement shall be prepared and signed by both parties and shall be furnished to the Depositary Agent. The Depositary Agent shall be entitled to rely on any such memorandum and distribute shares of Broadcom Common Stock from the Escrow Fund in accordance with the terms thereof.

(ii) If no such agreement can be reached after good faith negotiation, either Broadcom or the Stockholder Representative may demand arbitration of the dispute pursuant to Section 9.10 unless the amount of the damage or loss is at issue in a pending Action or Proceeding involving a Third Party Claim, in which event arbitration shall not be commenced until such amount is ascertained or both parties agree to arbitration.

**(h) Stockholder Representative of the Stockholders; Power of Attorney.**

(i) In the event that the Merger is approved by the stockholders of the Company, effective upon such vote, and without further act of any stockholder, Jonathan Feiber shall be appointed as agent and attorney-in-fact (the "Stockholder Representative") for each stockholder of the Company (except such stockholders, if any, as shall have perfected their appraisal or dissenters' rights under Delaware Law or the California Code), for and on behalf of stockholders of the Company, to give and receive notices and communications, to authorize delivery to Broadcom of shares of Broadcom Common Stock from the Escrow Fund in satisfaction of claims by Broadcom, to object to such deliveries, to agree to, negotiate, enter into settlements and compromises of, and demand arbitration and comply with orders of courts and awards of arbitrators with respect to such claims, and to take all actions necessary or appropriate in the judgment of the Stockholder Representative for the accomplishment of the foregoing. Such agency may be changed by the stockholders of the Company from time to time upon not less than 30 days prior written notice to Broadcom; *provided, however*, that the Stockholder Representative may not be removed unless holders of a two-thirds interest in the Escrow Fund agree to such removal and to the identity of the substituted stockholder representative. Any vacancy in the position of Stockholder Representative may be filled by approval of the holders of a majority in interest of the Escrow Fund. No bond shall be required of the Stockholder Representative, and the Stockholder Representative shall not receive compensation for his services. Notices or communications to or from the Stockholder Representative shall constitute notice to or from each of the stockholders of the Company.

(ii) The Stockholder Representative shall not be liable for any act done or omitted hereunder as Stockholder Representative while acting in good faith and in the exercise of reasonable judgment.

(iii) The Stockholder Representative shall have reasonable access to information about the Company and the reasonable assistance of the Company's officers and employees for purposes of performing its duties and exercising its rights hereunder,

provided that the Stockholder Representative shall treat confidentially and not disclose any nonpublic information from or about the Company to anyone (except on a need to know basis to individuals who agree in writing to treat such information confidentially).

(i) Actions of the Stockholder Representative. A decision, act, consent or instruction of the Stockholder Representative shall constitute a decision of all the stockholders for whom a portion of the Escrow Amount otherwise issuable to them are deposited in the Escrow Fund and shall be final, binding and conclusive upon each of such stockholders, and the Depositary Agent and Broadcom may rely upon any such decision, act, consent or instruction of the Stockholder Representative as being the decision, act, consent or instruction of every such stockholder of the Company. The Depositary Agent and Broadcom are hereby relieved from any liability to any person for any acts done by them in accordance with such decision, act, consent or instruction of the Stockholder Representative.

(j) Third-Party Claims. In the event Broadcom becomes aware of a third-party claim (a "Third Party Claim") which Broadcom reasonably expects may result in a demand against the Escrow Fund, Broadcom shall notify the Stockholder Representative of such claim, and the Stockholder Representative, as representative for the stockholders of the Company, shall be entitled, at their expense, to participate in any defense of such claim. Broadcom shall have the right in its sole discretion to settle any Third Party Claim; *provided, however*, that if Broadcom settles any Third Party Claim without the Stockholder Representative's consent (which consent shall not be unreasonably withheld or delayed), Broadcom may not make a claim against the Escrow Fund with respect to the amount of Losses incurred by Broadcom in such settlement. In the event that the Stockholder Representative has consented to any such settlement, the Stockholder Representative shall have no power or authority to object under any provision of this Article 7 to the amount of any claim by Broadcom against the Escrow Fund with respect to the amount of Losses incurred by Broadcom in such settlement.

(k) Indemnification for Stockholder Representative. The Company Stockholders shall, severally and not jointly, on a pro rata basis based on their proportionate ownership interests in the Company, indemnify, defend and hold the Stockholder Representative harmless from and against any loss, damage, tax, liability and expense that may be incurred by the Stockholder Representative arising out of or in connection with the acceptance or administration of the Stockholder Representative's duties, except as caused by the Stockholder Representative's gross negligence or willful misconduct, including the legal costs and expenses of defending such Stockholder Representative against any claim or liability in connection with the performance of the Stockholder Representative's duties. The Stockholder Representative shall be entitled, but not limited to, such indemnification from the Escrow prior to any distribution thereof to the Company Stockholders, but after any distributions therefrom to Broadcom.

(l) Depositary Agent's Duties.



(i) Limitation on Duties of Depositary Agent. The Depositary Agent shall be obligated only for the performance of such duties as are specifically set forth herein, and as set forth in any additional written escrow instructions which the Depositary Agent may receive after the date of this Agreement which are signed by an officer of Broadcom and the Stockholder Representative, and may rely and shall be protected in relying or refraining from acting on any instrument reasonably believed to be genuine and to have been signed or presented by the proper party or parties. The Depositary Agent shall not be liable for any act done or omitted hereunder as Depositary Agent while acting in good faith and in the exercise of reasonable judgment, and any act done or omitted pursuant to the advice of counsel shall be conclusive evidence of such good faith.

(ii) Compliance with Orders. The Depositary Agent is hereby expressly authorized to comply with and obey Orders of any court of law or Governmental or Regulatory Authority, notwithstanding any notices, warnings or other communications from any party or any other person to the contrary. In case the Depositary Agent obeys or complies with any such Order, the Depositary Agent shall not be liable to any of the parties hereto or to any other person by reason of such compliance, notwithstanding any such Order being subsequently reversed, modified, annulled, set aside, vacated or found to have been entered without jurisdiction or proper authority.

(iii) Limitations on Liability of Depositary Agent. The Depositary Agent shall not be liable in any respect on account of (a) the identity, authority or rights of the parties executing or delivering or purporting to execute or deliver this Agreement or any documents or papers deposited or called for hereunder; or (b) the expiration of any rights under any statute of limitations with respect to this Agreement or any documents deposited with the Depositary Agent.

(iv) Good Faith of Depositary Agent. In performing any duties under the Agreement, the Depositary Agent shall not be liable to any party for damages, losses, or expenses, except for gross negligence or willful misconduct on the part of the Depositary Agent. The Depositary Agent shall not incur any such liability for (a) any act or failure to act made or omitted in good faith, or (b) any action taken or omitted in reliance upon any instrument, including any written statement or affidavit provided for in this Agreement that the Depositary Agent shall in good faith believe to be genuine, nor will the Depositary Agent be liable or responsible for forgeries, fraud, impersonations or determining the scope of any representative authority. In addition, the Depositary Agent may consult with legal counsel in connection with the Depositary Agent's duties under this Agreement and shall be fully protected in any act taken, suffered, or permitted by him/her in good faith in accordance with the advice of counsel. The Depositary Agent is not responsible for determining and verifying the authority of any person acting or purporting to act on behalf of any party to this Agreement.

(v) Non-responsibility of Depositary Agent. If any controversy arises between the parties to this Agreement, or with any other party, concerning the subject matter of this Agreement, its terms or conditions, the Depositary Agent will not be required to determine the controversy or to take any action regarding it. The Depositary Agent may hold all documents and shares of Broadcom Common Stock and may wait for settlement of any such controversy by final appropriate legal proceedings or other means as, in the

Depository Agent's discretion, the Depository Agent may be required, despite what may be set forth elsewhere in this Agreement. In such event, the Depository Agent will not be liable for any damages. Furthermore, the Depository Agent may at its option, file an action of interpleader requiring the parties to answer and litigate any claims and rights among themselves. The Depository Agent is authorized to deposit with the clerk of the court all documents and shares of Broadcom Common Stock held in escrow, except all costs, expenses, charges and reasonable attorney fees incurred by the Depository Agent due to the interpleader action and which the parties jointly and severally agree to pay. Upon initiating such action, the Depository Agent shall be fully released and discharged of and from all obligations and liability imposed by the terms of this Agreement.

(vi) Indemnification of Depository Agent. Broadcom and its successors and assigns agrees to indemnify and hold the Depository Agent harmless against any and all Losses incurred by the Depository Agent in connection with the performance of the Depository Agent's duties under this Agreement, including but not limited to any litigation arising from this Agreement or involving its subject matter.

(vii) Resignation of Depository Agent. The Depository Agent may resign at any time upon giving at least 30 days written notice to the parties; *provided, however,* that no such resignation shall become effective until the appointment of a successor depository agent which shall be accomplished as follows: the parties shall use their best efforts to mutually agree on a successor depository agent within 30 days after receiving such notice. If the parties fail to agree upon a successor depository agent within such time, the Depository Agent shall have the right to appoint a successor depository agent authorized to do business in the State of California. The successor depository agent shall execute and deliver an instrument accepting such appointment and it shall, without further acts, be vested with all the estates, properties, rights, powers, and duties of the predecessor depository agent as if originally named as Depository Agent. The Depository Agent shall be discharged from any further duties and liability under this Agreement.

(m) Fees. All fees of the Depository Agent for performance of its duties hereunder shall be paid by Broadcom. In the event that the conditions of this Agreement are not promptly fulfilled, or if the Depository Agent renders any service not provided for in this Agreement, or if the parties request a substantial modification of its terms, or if any controversy arises, or if the Depository Agent is made a party to, or intervenes in, any Action or Proceeding pertaining to this escrow or its subject matter, the Depository Agent shall be reasonably compensated for such extraordinary services and reimbursed for all costs, attorney's fees, and expenses occasioned by such default, delay, controversy or Action or Proceeding. Broadcom agrees to pay these sums upon demand.

## ARTICLE 8 TERMINATION, AMENDMENT AND WAIVER

8.1 Termination. Except as provided in Section 8.2 below, this Agreement may be terminated and the Merger abandoned at any time prior to the Effective Time:

(a) by mutual agreement of the Company and Broadcom;

(b) by Broadcom or the Company, if the Effective Time has not occurred before 5:00 p.m. (Pacific Time) on May 31, 2000; *provided, however*, that if neither the California Permit (which shall include a finding of fairness) has been issued nor the Registration Statement has been declared effective by the SEC by May 31, 2000, then May 31, 2000 shall be automatically extended to August 31, 2000; *provided, further*, that the right to terminate this Agreement under this Section 8.1(b) shall not be available to any party whose willful failure to fulfill any obligation hereunder has been the cause of, or resulted in, the failure of the Effective Time to occur on or before such date;

(c) by Broadcom or the Company, if: (A) there shall be a final nonappealable order of a federal or state court in effect preventing consummation of the Merger; or (B) there shall be any statute, rule, regulation or order enacted, promulgated or issued or deemed applicable to the Merger by any Governmental or Regulatory Authority that would make consummation of the Merger illegal;

(d) by Broadcom or the Company, if ninety days shall have elapsed since any action was taken, or any Law or Order enacted, promulgated or issued or deemed applicable to the Merger, by any Governmental or Regulatory Authority, which would: (i) prohibit Broadcom's ownership or operation of all or any portion of the business of the Company or (ii) compel Broadcom to dispose of or hold separate all or any portion of the Assets and Properties of the Company as a result of the Merger;

(e) by Broadcom, if it is not in material breach of its representations, warranties, covenants and agreements under this Agreement and there has been a breach of any representation, warranty, covenant or agreement contained in this Agreement on the part of the Company and (i) the Company is not using its reasonable efforts to cure such breach, or has not cured such breach within 30 days, after notice of such breach to the Company (*provided, however*, that, no cure period shall be required for a breach which by its nature cannot be cured) and (ii) as a result of such breach any of the conditions set forth in Section 6.1 or Section 6.3, as the case may be, would not be satisfied prior to the Closing Date;

(f) by the Company, if it is not in material breach of its representations, warranties, covenants and agreements under this Agreement and there has been a breach of any representation, warranty, covenant or agreement contained in this Agreement on the part of Broadcom and (i) Broadcom is not using its reasonable efforts to cure such breach, or has not cured such breach within 30 days, after notice of such breach to Broadcom (*provided, however*, that no cure period shall be required for a breach which by its nature cannot be cured), and (ii) as a result of such breach any of the conditions set forth in Section 6.1 or Section 6.2, as the case may be, would not then be satisfied;

(g) by Broadcom, if at any time after five days following the meeting at which the Company's stockholders take the Company Stockholders' Action, holders of more than 5% of the outstanding shares of Company Capital Stock shall have exercised, or have any continued right to exercise, appraisal, dissenters' or similar rights under applicable law with respect to their shares by virtue of the Merger;

(h) by Broadcom, if it is not in material breach of its representations, warranties, covenants and agreements under this Agreement, and the Merger shall not have been approved by the requisite votes of the Company's stockholders in accordance with Delaware Law;

(i) by Broadcom, if any of the Key Employees cease to be employed by the Company, *provided, however*, that if one (but not more than one) Key Employee (other than K. C. Murphy) ceases to be employed by the Company as a result of death or permanent bona fide permanent disability, Broadcom shall not have a termination right under this Section 8.1(i);

(j) by Broadcom, if the Company cannot satisfy the closing condition set forth in Section 6.3(l)(ii).

**8.2 Effect of Termination.** In the event of a valid termination of this Agreement as provided in Section 8.1, this Agreement shall forthwith become void and there shall be no liability or obligation on the part of Broadcom or the Company, or their respective officers, directors or stockholders or Affiliates or Associates; *provided, however*, that each party shall remain liable for any breaches of this Agreement prior to its termination; and *provided, further* that, the provisions of Sections 5.4, 5.5, 8.2, 9.1, 9.2, 9.4, 9.6, 9.7, 9.8, 9.9, 9.10, 9.11, 9.12, 9.13 and the applicable definitions set forth in Article 10 shall remain in full force and effect and survive any termination of this Agreement.

**8.3 Amendment.** Except as is otherwise required by applicable law after the stockholders of the Company approve the Merger and this Agreement, this Agreement may be amended by the parties hereto at any time by execution of an instrument in writing signed on behalf of each of the parties hereto.

**8.4 Extension; Waiver.** At any time prior to the Effective Time, Broadcom and the Company may, to the extent legally allowed, (i) extend the time for the performance of any of the obligations of the other party hereto, (ii) waive any inaccuracies in the representations and warranties made to such party contained herein or in any document delivered pursuant hereto, and (iii) waive compliance with any of the agreements, covenants or conditions for the benefit of such party contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

## **ARTICLE 9 MISCELLANEOUS PROVISIONS**

**9.1 Notices.** All notices, requests and other communications hereunder must be in writing and will be deemed to have been duly given only if delivered personally against written receipt or by facsimile transmission against facsimile confirmation or mailed by internationally recognized overnight courier prepaid, to the parties at the following addresses or facsimile numbers:

If to Broadcom to:

Broadcom Corporation  
16215 Alton Parkway  
P.O. Box 57013  
Irvine, California 92619-7013  
Facsimile No.: (949) 450-8715  
Attn: President and Chief Executive Officer and  
Attn: General Counsel

with a copy to:

Brobeck, Phleger & Harrison LLP  
550 South Hope Street  
Los Angeles, California 90071  
Facsimile No.: (213) 745-3345  
Attn: Richard S. Chernicoff

If to the Company to:

Pivotal Technologies Corp.  
70 South Lake Avenue, Suite 900  
Pasadena, California 91101  
Facsimile No.: (626) 744-3600  
Attn: President and Chief Executive Officer

with a copy to:

Latham & Watkins  
135 Commonwealth Drive  
Menlo Park, CA 94025  
Facsimile No.: (650) 463-2600  
Attn: Christopher Kaufman Esq.

All such notices, requests and other communications will (i) if delivered personally to the address as provided in this Section 9.1, be deemed given upon delivery, (ii) if delivered by facsimile transmission to the facsimile number as provided for in this Section 9.1, be deemed given upon facsimile confirmation, (iii) if delivered by mail in the manner described above to the address as provided for in this Section 9.1, be deemed given on the earlier of the third Business Day following mailing or upon receipt and (iv) if delivered by overnight courier to the address as provided in this Section 9.1, be deemed given on the earlier of the first Business Day following the date sent by such overnight courier or upon receipt (in each case regardless of whether such notice, request or other communication is received by any other Person to whom a copy of such notice is to be delivered pursuant to this Section 9.1). Any party from time to time may change its address, facsimile number or other information for the purpose of notices to that party by giving notice specifying such change to the other party hereto.

9.2 Entire Agreement. This Agreement and the Exhibits and Schedules hereto, including the Company Disclosure Schedule and the Broadcom Disclosure Schedule,

constitute the entire Agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof, except for the Confidentiality Agreement, which shall continue in full force and effect and shall survive any termination of this Agreement or the Closing in accordance with its terms.

9.3 Further Assurances; Post-Closing Cooperation. At any time or from time to time after the Closing, the parties shall execute and deliver to the other party such other documents and instruments, provide such materials and information and take such other actions as the other party may reasonably request to consummate the transactions contemplated by this Agreement and otherwise to cause the other party to fulfill its obligations under this Agreement and the transactions contemplated hereby. Each party agrees to use commercially reasonable efforts to cause the conditions to its obligations to consummate the Merger to be satisfied.

9.4 Waiver. Any term or condition of this Agreement may be waived at any time by the party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the party waiving such term or condition. No waiver by any party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion. All remedies, either under this Agreement or by Law or otherwise afforded, will be cumulative and not alternative.

9.5 Third Party Beneficiaries. The terms and provisions of this Agreement are intended solely for the benefit of each party hereto and their respective successors or permitted assigns, and it is not the intention of the parties to confer third-party beneficiary rights, and this Agreement does not confer any such rights, upon any other Person other than any Person entitled to indemnity under Section 5.13 or Article 7.

9.6 No Assignment; Binding Effect. Neither this Agreement nor any right, interest or obligation hereunder may be assigned (by operation of law or otherwise) by any party without the prior written consent of the other party and any attempt to do so will be void. Subject to the preceding sentence, this Agreement is binding upon, inures to the benefit of and is enforceable by the parties hereto and their respective successors and assigns.

9.7 Headings. The headings and table of contents used in this Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof.

9.8 Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights or obligations of any party hereto under this Agreement will not be materially and adversely affected thereby, (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance

herefrom and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

9.9 Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of California, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of California or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of California.

9.10 Dispute Resolution. In the event of any dispute under this Agreement which the parties are unable to resolve themselves, the matter, regardless of its nature, shall be settled by arbitration in accordance with the then most applicable rules of the American Arbitration Association conducted in the city and county of Orange County, California (if arbitration is requested by the Company) or Los Angeles, California (if arbitration is requested by Broadcom), by three arbitrators, one selected by Broadcom and one selected by the Stockholder Representative, and the two arbitrators selected by Broadcom and the Stockholder Representative shall select a third arbitrator from a list of nine arbitrators drawn by the two arbitrators at random from the "Independent" or "Gold Card" list of retired judges. Any arbitration shall be administered by the American Arbitration Association only if the parties so agree. Each of the arbitrators selected by Broadcom and the Company must be a corporate lawyer who is a partner at a nationally-recognized law firm which has not provided and does not provide services to Broadcom, the Stockholder Representative or the Company.

(a) Application of Procedures. This agreement to resolve any disputes by binding arbitration shall extend to any claims against any shareholder of any of the parties, any brother-sister company, parent, subsidiary, Affiliate, any officer, director, employee or agent of any of the parties, and shall apply as well to claims arising out of federal or state Laws as well as to claims arising under common law. The arbitrators shall apply the same substantive law, and may only utilize the same remedies, as would be applied or utilized, as applicable, by a court having jurisdiction over the parties and their dispute. The arbitrators shall, upon an appropriate motion, dismiss any claim brought in arbitration if the arbitrators determine that the claim does not state a claim or a cause of action which could have properly been pursued through court litigation. In the event of a conflict between the then most applicable rules of the American Arbitration Association and these procedures, the provisions of these procedures shall govern.

(b) Discovery. The arbitrators shall set a limited time period and establish procedures designed to reduce the cost and time for discovery of information relating to any dispute while allowing the parties an opportunity, adequate as determined in the sole judgment of the arbitrators, to discover relevant information from the opposing parties about the subject matter of the dispute. The arbitrators shall rule upon motions to compel, limit or allow discovery as they shall deem appropriate given the nature and extent of the disputed claim. The arbitrators shall also have the authority to impose sanctions, including attorneys' fees and other costs incurred by the parties, to the same extent as a court of law or equity, should the arbitrators

determine that discovery was sought without substantial justification or that discovery was refused or objected to by a party without substantial justification.

(c) Decision of Arbitrators. The decision of a majority of the three arbitrators as to any claim, including as to the validity and amount of any claim in such Officer's Certificate shall be binding and conclusive upon the parties to this Agreement, and notwithstanding anything in Section 7.2(e) hereof, the Depositary Agent shall be entitled to act in accordance with such decision and make or withhold payments out of the Escrow Fund in accordance therewith. Such decision shall be written and shall be supported by written findings of fact and conclusions regarding the dispute which shall set forth the award, judgment, decree or order awarded by the arbitrators. In the event that a court determines that the arbitration procedures set forth herein is not absolutely final and binding, then it is the intent of the parties that any arbitration decision should be fully admissible in evidence, given great weight by any finder of fact and treated as determinative to the maximum extent permitted by law.

(d) Judgment; Costs. Judgment upon any award rendered by the arbitrators may be entered in any court having competent jurisdiction. The arbitrators shall have the power to award the prevailing party in any arbitration (as determined by the arbitrators) its costs and expenses incurred in connection with the arbitration, including without limitation, reasonable attorneys' fees and costs, the fees of each arbitrator and the administrative costs of the arbitration.

9.11 Construction. The parties hereto agree that this Agreement is the product of negotiation between sophisticated parties and individuals, all of whom were represented by counsel, and each of whom had an opportunity to participate in and did participate in, the drafting of each provision hereof. Accordingly, ambiguities in this Agreement, if any, shall not be construed strictly or in favor of or against any party hereto but rather shall be given a fair and reasonable construction without regard to the rule of contra preferentum.

9.12 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

9.13 Specific Performance. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Except where this Agreement specifically provides for arbitration, it is agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

## **ARTICLE 10 DEFINITIONS**

### **10.1 Definitions.**



(a) As used in this Agreement, the following defined terms shall have the meanings indicated below:

"Actions or Proceedings" means any action, suit, complaint, petition, investigation, proceeding, arbitration, litigation or Governmental or Regulatory Authority investigation, audit or other proceeding, whether civil or criminal, in law or in equity, or before any arbitrator or Governmental Regulatory Authority.

"Affiliate" means, as applied to any Person, (a) any other Person directly or indirectly controlling, controlled by or under common control with, that Person, (b) any other Person that owns or controls (i) 10% or more of any class of equity securities of that Person or any of its Affiliates or (ii) 10% or more of any class of equity securities (including any equity securities issuable upon the exercise of any option or convertible security) of that Person or any of its Affiliates, or (c) any director, partner, officer, manager, agent, employee or relative of such Person. For the purposes of this definition, "control" (including with correlative meanings, the terms "controlling", "controlled by", and "under common control with") as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through ownership of voting securities or by contract or otherwise.

"Aggregate Common Number" means the aggregate number of shares of Company Common Stock outstanding immediately prior to the Effective Time (including all shares of Company Common Stock issued or issuable upon conversion of all shares of Company Preferred Stock and upon exercise, conversion or exchange of all unvested and vested Company Options, Company Warrants and Company Stock Purchase Rights which are not exercised, converted, exchanged or expired as of the Effective Time).

"Aggregate Share Number" means 1,938,250 shares of Broadcom Common Stock, as adjusted by Section 1.6(d) and Section 5.26, less the number of shares of Broadcom Common Stock that would be issuable in respect of Dissenting Shares in the absence of Section 1.7(a).

"Agreement" means this Merger Agreement and Plan of Reorganization, including (unless the context otherwise requires) the Exhibits and the Disclosure Schedules and the certificates and instruments delivered in connection herewith, or incorporated by reference, as the same may be amended or supplemented from time to time in accordance with the terms hereof.

"Ancillary Agreements" has the meaning ascribed to it in Section 2.2.

"Approval" means any approval, authorization, consent, permit, qualification or registration, or any waiver of any of the foregoing, required to be obtained from or made with, or any notice, statement or other communication required to be filed with or delivered to, any Governmental or Regulatory Authority or any other Person.

"Assets and Properties" of any Person means all assets and properties of every kind, nature, character and description (whether real, personal or mixed, whether tangible or intangible, whether absolute, accrued, contingent, fixed or otherwise and

wherever situated), including the goodwill related thereto, operated, owned, licensed or leased by such Person, including cash, cash equivalents, Investment Assets, accounts and notes receivable, chattel paper, documents, instruments, general intangibles, real estate, equipment, inventory, goods and Intellectual Property.

"Associate" means, with respect to any Person, any corporation or other business organization of which such Person is an officer or partner or is the beneficial owner, directly or indirectly, of 10% or more of any class of equity securities, any trust or estate in which such Person has a substantial beneficial interest or as to which such Person serves as a trustee or in a similar capacity and any relative or spouse of such Person, or any relative of such spouse, who has the same home as such Person.

"Audited Financial Statement Date" means June 30, 1999.

"Audited Financial Statements" means the audited consolidated balance sheets of the Company for the period October 29, 1998 (inception) to June 30, 1999, and the related audited consolidated statements of operations, stockholders' equity and cash flows for such period, including the notes thereto.

"Books and Records" means all files, documents, instruments, papers, books and records of the Company relating to the Business or Condition of the Company, including financial statements, internal reports, Tax Returns and related work papers and letters from accountants, budgets, pricing guidelines, ledgers, journals, deeds, title policies, minute books, stock certificates and books, stock transfer ledgers, Contracts, Licenses, customer lists, computer files and programs (including data processing files and records), retrieval programs, operating data and plans and environmental studies and plans.

"Broadcom" has the meaning ascribed to it in the forepart of this Agreement.

"Broadcom Affiliate" has the meaning ascribed to it in Section 5.11.

"Broadcom Affiliate Agreement" has the meaning ascribed to it in Section 5.11.

"Broadcom Common Equity" means the Broadcom Common Stock and the Class A Common Stock of Broadcom.

"Broadcom Common Stock" has the meaning ascribed to it in Recital C to this Agreement.

"Broadcom Disclosure Schedule" has the meaning ascribed to it in the forepart of Article 3.

"Broadcom Financial Statements" has the meaning ascribed to it in Section 3.4.

"Business Combination" means, with respect to any Person, (i) any merger, consolidation or other business combination to which such Person is a party, (ii) any sale, dividend, split or other disposition of any capital stock or other equity interests of such

Person (except for issuances of common stock upon conversion of preferred stock outstanding on the date hereof or the exercise of options or warrants outstanding on the date hereof or issued in accordance with the covenants of this Agreement), (iii) any tender offer (including a self tender), exchange offer, recapitalization, restructuring, liquidation, dissolution or similar or extraordinary transaction, (iv) any sale, dividend or other disposition of all or a material portion of the Assets and Properties of such Person (including by way of exclusive license or joint venture formation) or (v) the entering into of any agreement or understanding, the granting of any rights or options, or the acquiescence of such Person, with respect to any of the foregoing.

"Business Day" means a day other than Saturday, Sunday or any day on which banks located in the State of California are authorized or obligated to close.

"Business or Condition of Broadcom" means the business, financial condition, results of operations or Assets and Properties of the Broadcom and its Subsidiaries, in the aggregate.

"Business or Condition of the Company" means the business, financial condition, results of operations or Assets and Properties of the Company.

"California Agreement of Merger" has the meaning ascribed to it in Section 1.2.

"California Code" means the California Corporations Code and all amendments and additions thereto.

"California Permit" has the meaning ascribed to it in Section 2.34.

"Certificates" has the meaning ascribed to it in Section 1.8(b).

"Certificate of Merger" has the meaning ascribed to it in Section 1.2.

"Closing" means the closing of the transactions contemplated by Section 1.2.

"Closing Date" has the meaning ascribed to it in Section 1.2.

"Closing Price" means the average closing sales price of Broadcom Common Stock as traded on the NNM and reported by the Wall Street Journal, for the 30 consecutive market trading days commencing on the thirty second market trading day prior to the Closing Date and ending on (inclusive) the third market trading day prior to the Closing Date.

"Code" means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

"Company" has the meaning ascribed to it in the forepart of this Agreement.

"Company Affiliates" has the meaning ascribed to it in Section 5.10.

**"Company Affiliate Agreement"** has the meaning ascribed to it in Recital D.

**"Company Capital Stock"** means the Company Common Stock and the Company Preferred Stock.

**"Company Common Stock"** has the meaning ascribed to it in Section 2.3.

**"Company Disclosure Schedule"** means the schedules delivered to Broadcom by or on behalf of the Company, in connection with the representations and warranties made by the Company in Article 2 of this Agreement or otherwise.

**"Company Financials"** means the Audited Financial Statements and the Interim Financial Statements.

**"Company Indemnified Party"** has the meaning ascribed to it in Section 5.13.

**"Company Intellectual Property"** shall mean any Intellectual Property that is (i) owned by; (ii) licensed to; or (iii) was developed or created by or for the Company.

**"Company Option(s)"** means any Option to purchase Company Capital Stock, excluding the Company Preferred Stock and the Company Warrants.

**"Company Preferred Stock"** has the meaning ascribed to it in Section 2.3.

**"Company Registered Intellectual Property"** means all Registered Intellectual Property owned by, filed in the name of, assigned to or applied for by, the Company.

**"Company Restricted Stock"** means shares of Company Capital Stock which are subject to a repurchase option by the Company.

**"Company Series A Preferred Stock"** has the meaning set forth in 2.3.

**"Company Series B Preferred Stock"** has the meaning set forth in 2.3.

**"Company Stock Plan"** means the 1998 Stock Option Plan of the Company.

**"Company Stock Purchase Right"** means a right to purchase Company Restricted Stock.

**"Company Stockholders' Action"** has the meaning ascribed to it in Section 2.35.

**"Company Warrants"** means all of the warrants to purchase Company Capital Stock listed on Section 2.3 of the Disclosure Schedule.

**"Competing Proposed Transaction"** has the meaning ascribed to it in Section 4.2.

**"Confidentiality Agreement"** has the meaning ascribed to it in Section 5.4.

"Contract" means any contract, agreement or other business arrangement (whether oral or written) including:

(i) any distributor, sales, advertising, agency or manufacturer's representative contract;

(ii) any continuing contract for the purchase of materials, supplies, equipment or services involving in the case of any such contract more than \$50,000 during 2000 or \$200,000 over the life of the contract;

(iii) any contract that expires or may be renewed at the option of any person other than the Company so as to expire more than one year after the date of this Agreement;

(iv) any trust indenture, mortgage, promissory note, loan agreement or other contract for the borrowing of money, any currency exchange, commodities or other hedging arrangement or any leasing transaction of the type required to be capitalized in accordance with generally accepted accounting principles;

(v) any contract for capital expenditures in excess of \$100,000 in the aggregate;

(vi) any contract limiting the freedom of the Company to engage in any line of business or to compete with any other Person or any confidentiality, secrecy or non-disclosure contract;

(vii) any contract pursuant to which the Company is a lessor of any machinery, equipment, motor vehicles, office furniture, fixtures or other personal property;

(viii) any contract with any person with whom the Company does not deal at arm's length;

(ix) any contract that is not terminable by the Company upon 30 days (or less) notice by the Company without penalty or obligation to make payments based on such termination; or

(x) any agreement of guarantee, support, indemnification, assumption or endorsement of, or any similar commitment with respect to, the obligations, liabilities (whether accrued, absolute, contingent or otherwise) or indebtedness of any other Person.

"Delaware Law" means the Delaware General Corporation Law and all amendments and additions thereto.

"Depository Agent" means U.S. Stock Transfer Corporation (or other institution acceptable to Broadcom and the Stockholder Representative).

**"Disclosure Schedules"** means the Company Disclosure Schedule and the Broadcom Disclosure Schedule.

**"Dissenting Shares"** has the meaning ascribed to it in Section 1.7(a).

**"Effective Time"** has the meaning ascribed to it in Section 1.2.

**"Environment"** means air, surface water, ground water, or land, including land surface or subsurface, and any receptors such as persons, wildlife, fish, biota or other natural resources.

**"Environmental Clean-up Site"** means any location which is listed or proposed for listing on the National Priorities List, the Comprehensive Environmental Response, Compensation and Liability Information System, or on any similar state list of sites relating to investigation or cleanup, or which is the subject of any pending or threatened action, suit, proceeding, or investigation related to or arising from any location at which there has been a Release or threatened or suspected Release of a Hazardous Material.

**"Environmental Law"** means any federal, state, local or foreign environmental, health and safety or other Law relating to of Hazardous Materials, including without limitation the Comprehensive, Environmental Response Compensation and Liability Act, the Clean Air Act, the Federal Water Pollution Control Act, the Solid Waste Disposal Act, the Federal Insecticide, Fungicide and Rodenticide Act, and the California Safe Drinking Water and Toxic Enforcement Act.

**"Environmental Permit"** means any permit, license, approval, consent or authorization required under or in connection with any Environmental Law and includes without limitation any and all orders, consent orders or binding agreements issued by or entered into with a Governmental or Regulatory Authority.

**"Equity Equivalents"** means securities (including Options to purchase any shares of Company Capital Stock) which, by their terms, are or may be exercisable, convertible or exchangeable for or into common stock, preferred stock or other securities at the election of the holder thereof.

**"ERISA"** means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

**"ERISA Affiliate"** has the meaning ascribed to in the definition of Plan in this Section 10.

**"Escrow Amount"** means the number of shares of Broadcom Common Stock obtained by multiplying (x) the aggregate number of shares of Broadcom Common Stock issuable by the Broadcom at the Effective Time to holders of Company Capital Stock in accordance with the Section 1.6(a) by (y) 0.10. The shares deposited with the Depositary Agent shall, to the extent possible, be shares that are not subject to any repurchase rights.

**"Escrow Fund"** has the meaning ascribed to it in Section 7.2(a).

"Escrow Period" has the meaning ascribed to it in Section 7.2(c).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC thereunder.

"Exchange Agent" means U.S. Stock Transfer Corporation.

"Exchange Ratio" means the quotient obtained by dividing (x) the Aggregate Share Number by (y) the Aggregate Common Number.

"Expiration Date" has the meaning ascribed to it in Section 7.1.

"GAAP" means generally accepted accounting principles in the United States, as in effect from time to time.

"Governmental or Regulatory Authority" means any court, tribunal, arbitrator, authority, agency, bureau, board, commission, department, official or other instrumentality of the United States, any foreign country or any domestic or foreign state, county, city or other political subdivision, and shall include any stock exchange, quotation service and the National Association of Securities Dealers.

"Hazardous Material" means (a) any chemical, material, substance or waste including, containing or constituting petroleum or petroleum products, solvents (including chlorinated solvents), nuclear or radioactive materials, asbestos in any form that is or could become friable, radon, lead-based paint, urea formaldehyde foam insulation or polychlorinated biphenyls, (b) any chemicals, materials, substances or wastes which are now defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous wastes," "restricted hazardous wastes," "toxic substances," "toxic pollutants" or words of similar import under any Environmental Law; or (c) any other chemical, material, substance or waste which is regulated by any Governmental or Regulatory Authority or which could constitute a nuisance.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Income Tax" means (i) any income, alternative or add-on minimum tax, gross income, gross receipts, franchise, profits, including estimated taxes relating to any of the foregoing, or other similar tax or other like assessment or charge of similar kind whatsoever, excluding any Other Tax, together with any interest and any penalty, addition to tax or additional amount imposed by any Taxing Authority responsible for the imposition of any such Tax (domestic or foreign); or (ii) any liability of a Person for the payment of any taxes, interest, penalty, addition to tax or like additional amount resulting from the application of Treas. Reg. §1.1502-6 or comparable provisions of any Taxing Authority in respect of a Tax Return of a Relevant Group or tax sharing or similar agreement.

"Indebtedness" of any Person means all obligations of such Person (a) for borrowed money, (b) evidenced by notes, bonds, debentures or similar instruments, (c) for the deferred purchase price of goods or services (other than trade payables or accruals

incurred in the ordinary course of business), (d) under capital leases and (e) in the nature of guarantees of the obligations described in clauses (a) through (d) above of any other Person.

**"Information Statement"** has the meaning ascribed to it in Section 2.34.

**"Intellectual Property"** means all trademarks and trademark rights, trade names and trade name rights, service marks and service mark rights, service names and service name rights, patents and patent rights, utility models and utility model rights, copyrights, mask work rights, brand names, trade dress, product designs, product packaging, business and product names, logos, slogans, rights of publicity, trade secrets, inventions (whether patentable or not), invention disclosures, improvements, processes, formulae, industrial models, processes, designs, specifications, technology, methodologies, computer software (including all source code and object code), firmware, development tools, flow charts, annotations, all Web addresses, sites and domain names, all data bases and data collections and all rights therein, any other confidential and proprietary right or information, whether or not subject to statutory registration, and all related technical information, manufacturing, engineering and technical drawings, know-how and all pending applications for and registrations of patents, utility models, trademarks, service marks and copyrights, and the right to sue for past infringement, if any, in connection with any of the foregoing, and all documents, disks, records, files and other media on which any of the foregoing is stored.

**"Interim Financial Statements"** means the unaudited balance sheet of the Company as of February 29, 2000, and the related unaudited statement of operations and statement of cash flows for the eight month period ended on such date.

**"Investment Assets"** means all debentures, notes and other evidences of Indebtedness, stocks, securities (including rights to purchase and securities convertible into or exchangeable for other securities), interests in joint ventures and general and limited partnerships, mortgage loans and other investment or portfolio assets owned of record or beneficially by the Company.

**"IRS"** means the United States Internal Revenue Service or any successor entity.

**"IT"** has the meaning ascribed to it in Section 5.22.

**"Key Employee"** shall have the meaning ascribed to it in Section 6.3(f).

**"Law" or "Laws"** means any law, statute, order, decree, consent decree, judgment, rule, regulation, ordinance or other pronouncement having the effect of law whether in the United States, any foreign country, or any domestic or foreign state, county, city or other political subdivision or of any Governmental or Regulatory Authority.

**"Lease Documents"** has the meaning ascribed to it in Section 2.15(a)

**"Leased Real Property(ies)"** has the meaning ascribed to it in Section 2.15(a).



**"Liabilities"** means all Indebtedness, obligations and other liabilities of a Person, whether absolute, accrued, contingent (or based upon any contingency), known or unknown, fixed or otherwise, or whether due or to become due.

**"License"** means any Contract that grants a Person the right to use or otherwise enjoy the benefits of any Intellectual Property (including without limitation any covenants not to sue with respect to any Intellectual Property).

**"Liens"** means any mortgage, pledge, assessment, security interest, lease, lien, easement, license, covenant, condition, restriction, adverse claim, levy, charge, option, equity, adverse claim or restriction or other encumbrance of any kind, or any conditional sale Contract, title retention Contract or other Contract to give any of the foregoing, except for any restrictions on transfer generally arising under any applicable federal or state securities law.

**"Loss(es)"** means any and all damages, fines, fees, Taxes, penalties, deficiencies, losses and expenses, including actual interest paid, reasonable out-of-pocket expenses of investigation, court costs, reasonable fees and expenses of attorneys, accountants and other experts or other expenses of litigation or other proceedings or of any claim, default or assessment (such fees and expenses to include all fees and expenses, including fees and expenses of attorneys, incurred in connection with (i) the investigation or defense of any Third Party Claims or (ii) asserting or disputing any rights under this Agreement against any party hereto or otherwise), net of any insurance proceeds actually received (net of any demonstrated adverse effect on the premiums paid for such insurance) or proceeds received by virtue of third party indemnification.

**"Major Stockholders"** shall include K. C. Murphy, Erlend Olson, Steve Petilli, Mohr, Davidow Ventures V, L.P. and the Goldman Sachs Group, Inc.

**"Merger"** has the meaning ascribed to it in Recital A to this Agreement.

**"Minimum Number of Engineers"** has the meaning ascribed to it in Section 6.3.

**"NASD"** means the National Association of Securities Dealers, Inc.

**"New Business Plan"** has the meaning ascribed to it in Section 4.1.

**"New Shares"** has the meaning ascribed to it in Section 7.2(d)(ii).

**"NNM"** means the distinct tier of The Nasdaq Stock Market referred to as the Nasdaq National Market.

**"Non-Competition Agreement"** has the meaning ascribed to it in Recital D to this Agreement.

**"Officer's Certificate"** has the meaning ascribed to it in Section 7.2(e)(i).

**"Option"** with respect to any Person means any security, right, subscription, warrant, option, "phantom" stock right or other Contract (other than the Company Series A Preferred Stock or the Company Series B Preferred Stock) that gives the right to (i) purchase or otherwise receive or be issued any shares of capital stock or other equity interests of such Person or any security of any kind convertible into or exchangeable or exercisable for any shares of capital stock or other equity interests of such Person or (ii) receive any benefits or rights similar to any rights enjoyed by or accruing to the holder of shares of capital stock or other equity interests of such Person, including any rights to participate in the equity, income or election of directors or officers of such Person.

**"Order"** means any writ, judgment, decree, injunction or similar order of any Governmental or Regulatory Authority (in each such case whether preliminary or final).

**"Other Tax"** means any sales, use, ad valorem, business license, withholding, payroll, employment, excise, stamp, transfer, recording, occupation, premium, property, value added, custom duty, severance, windfall profit or license tax, governmental fee or other similar assessment or charge, together with any interest and any penalty, addition to tax or additional amount imposed by any Taxing Authority responsible for the imposition of any such tax (domestic or foreign).

**"PBGC"** means the Pension Benefit Guaranty Corporation established under ERISA.

**"Permit"** means any license, permit, franchise or authorization.

**"Permit Application"** has the meaning ascribed to it in Section 2.34.

**"Person"** means any natural person, corporation, general partnership, limited partnership, limited liability company or partnership, proprietorship, other business organization, trust, union, association or Governmental or Regulatory Authority.

**"Plan"** mean (i) each of the "employee benefit plans" (as such term is defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), of which any of the Company, any Subsidiary, or any member of the same controlled group of businesses as the Company or any Subsidiary within the meaning of Section 4001(a)(14) of ERISA (an "ERISA Affiliate") is or ever was a sponsor or participating employer or as to which the Company or any Subsidiary or any of their ERISA Affiliates makes contributions or is required to make contributions, and (ii) any similar employment, severance or other arrangement or policy of any of the Company any Subsidiary or any of their ERISA Affiliates (whether written or oral) providing for health, life, vision or dental insurance coverage (including self-insured arrangements), workers' compensation, disability benefits, supplemental unemployment benefits, vacation benefits or retirement benefits, fringe benefits, or for profit sharing, deferred compensation, bonuses, stock options, stock appreciation or other forms of incentive compensation or post-retirement insurance, compensation or benefits.

**"Pooling of Interests"** shall mean pooling of interests accounting treatment under Accounting Principles Board Opinion No. 16.

**"Proxy Statement/Prospectus"** shall have the meaning ascribed to it in Section 2.34.

**"PTO"** shall mean the United States Patent and Trademark Office.

**"Registered Intellectual Property"** shall mean all United States, international and foreign: (i) issued patents and patent applications (including provisional applications); (ii) registered trademarks and servicemarks, applications to register trademarks and servicemarks, intent-to-use applications, other registrations or applications to trademarks or servicemarks; (iii) registered copyrights and applications for copyright registration; (iv) any mask work registrations and applications to register mask works; and (v) any other Intellectual Property that is the subject of an application, certificate, filing, registration or other document issued by, filed with, or recorded by, any state, government or other public legal authority.

**"Registration Statement"** shall have the meaning ascribed to it in Section 1.11.

**"Release"** means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing of a Hazardous Material into the Environment.

**"Relevant Group"** has the meaning ascribed to it in Section 2.11(a).

**"Representatives"** has the meaning ascribed to it in Section 4.2.

**"Restricted Stock Purchase Agreement"** means a Restricted Stock Purchase Agreement pursuant to which the Company has sold Company Restricted Stock or issued Company Stock Purchase Rights or as may otherwise been entered into by the Company prior to the date of this Agreement.

**"SEC"** means the Securities and Exchange Commission or any successor entity.

**"SEC Documents"** means, with respect to any Person, each report, schedule, form, statement or other document filed or required to be filed with the SEC by such Person pursuant to Section 13(a) of the Exchange Act.

**"Securities Act"** has the meaning ascribed to it in Section 1.11.

**"Site"** means any of the real properties currently or previously owned, leased, occupied, used or operated by the Company, any predecessors of the Company, or any entities previously owned by the Company, including all soil, subsoil, surface waters and groundwater.

**"Stockholder Representative"** has the meaning ascribed to it in Section 7.2(h)(i).

**"Subsidiary"** means any Person in which the Company or Broadcom, as the context requires, directly or indirectly through Subsidiaries or otherwise, beneficially owns at least 50% of either the equity interest in, or the voting control of, such Person, whether or not existing on the date hereof.

**"Support Agreement"** has the meaning ascribed to it in Recital D to this Agreement.

**"Surviving Corporation"** has the meaning ascribed to it in Section 1.1.

**"Takeover Statute"** means a "fair price," "moratorium," "control share acquisition" or other similar antitakeover statute or regulation enacted under state or federal laws in the United States, including without limitation Section 203 of the Delaware Law.

**"Tax" or "Taxes"** means Income Taxes and/or Other Taxes, as the context requires.

**"Tax Laws"** means the Code, federal, state, county, local or foreign laws relating to Taxes and any regulations or official administrative pronouncements released thereunder.

**"Tax Returns"** means any return, report, information return, schedule, certificate, statement or other document (including any related or supporting information) filed or required to be filed with, or, where none is required to be filed with a Taxing Authority, the statement or other document issued by, a Taxing Authority in connection with any Tax.

**"Taxing Authority"** means any governmental agency, board, bureau, body, department or authority of any United States federal, state or local jurisdiction or any foreign jurisdiction, having or purporting to exercise jurisdiction with respect to any Tax.

**"Third Party Claim"** has the meaning ascribed to it in Section 7.2(j).

**"Third Party Expenses"** has the meaning ascribed to it in Section 5.5.

**"Warranty Obligations"** has the meaning ascribed to it in Section 2.27.

(e) Unless the context of this Agreement otherwise requires, (i) words of any gender include each other gender, (ii) words using the singular or plural number also include the plural or singular number, respectively, (iii) the terms "hereof," "herein," "hereby" and derivative or similar words refer to this entire Agreement as a whole and not to any particular Article, Section or other subdivision, (iv) the terms "Article" or "Section" or other subdivision refer to the specified Article, Section or other subdivision of the body of this Agreement, (v) the phrases "ordinary course of business" and "ordinary course of business consistent with past practice" refer to the business and practice of the Company, except as otherwise noted, (vi) the words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation," and (vii) when a reference is made in this Agreement to Exhibits, such reference shall be to an Exhibit to this Agreement unless otherwise

indicated. All accounting terms used herein and not expressly defined herein shall have the meanings given to them under GAAP. The term "party" or "parties" when used herein refer to Broadcom, on the one hand, and the Company, on the other.

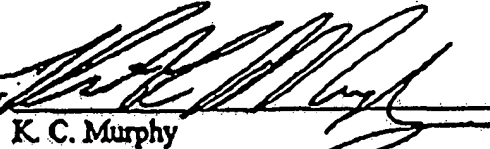
(f) When used herein, the phrase "to the knowledge of" any Person, "to the best knowledge of" any Person, "known to" any Person or any similar phrase, means (i) with respect to Broadcom, Henry T. Nicholas, III, Ph.D., William J. Ruehle and David A. Dull; (ii) with respect to the Company, K. C. Murphy and Stephen Petilli and Erlend Olson; and (iii) in the case of each of (i) and (ii), the knowledge of facts that such individuals should have after due inquiry. For this purpose, "due inquiry" means inquiry of and consultations with the officers of such Person and other individuals that have a similar position or have similar powers and duties as the officers of such Person, and the advisors, including legal counsel and outside auditors, who in each case are the principal persons responsible for such matters as of the date hereof.

(g) For purposes of Section 6.2(a) and Section 6.3(a) of this Agreement, in determining whether there has been a material adverse effect on the Business or Condition of the Company or on the Business or Condition of Broadcom, (a) any change or effect that relates to or results primarily from (i) the announcement or other disclosure of the transactions contemplated by this Agreement or (ii) change in economic conditions in the economy generally, (b) any change in the market for the Company's or Broadcom's products, as applicable, including but not limited to any action taken by any competitor of the Company or Broadcom or (c) any general delay or other setback in the Company's current new product development activities, shall not be considered.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Broadcom and the Company, and, with respect to Section 7.2 only, the Stockholder Representative and the Depositary Agent, have caused this Agreement to be signed by their duly authorized representatives, all as of the date first written above.

PIVOTAL TECHNOLOGIES CORP.

By:   
K. C. Murphy  
President and Chief Executive Officer

BROADCOM CORPORATION

By: \_\_\_\_\_  
Henry T. Nicholas, III, Ph.D.  
President and Chief Executive Officer

U.S. STOCK TRANSFER CORPORATION,  
as Depositary Agent

By: \_\_\_\_\_  
Richard Brown  
Vice President

STOCKHOLDER REPRESENTATIVE


By: \_\_\_\_\_

IN WITNESS WHEREOF, Broadcom and the Company, and, with respect to Section 7.2 only, the Stockholder Representative and the Depositary Agent, have caused this Agreement to be signed by their duly authorized representatives, all as of the date first written above.

PIVOTAL TECHNOLOGIES CORP.

BROADCOM CORPORATION

By: \_\_\_\_\_  
K. C. Murphy  
President and Chief Executive Officer

By:  \_\_\_\_\_  
Henry T. Nicholas, III, Ph.D.  
President and Chief Executive Officer

U.S. STOCK TRANSFER CORPORATION,  
as Depositary Agent

STOCKHOLDER REPRESENTATIVE

By: \_\_\_\_\_  
Richard Brown  
Vice President

By: \_\_\_\_\_

IN WITNESS WHEREOF, Broadcom and the Company, and, with respect to Section 7.2 only, the Stockholder Representative and the Depositary Agent, have caused this Agreement to be signed by their duly authorized representatives, all as of the date first written above.

PIVOTAL TECHNOLOGIES CORP.


BROADCOM CORPORATION

By: \_\_\_\_\_  
K. C. Murphy  
President and Chief Executive Officer

By: \_\_\_\_\_  
Henry T. Nicholas, III, Ph.D.  
President and Chief Executive Officer

U.S. STOCK TRANSFER CORPORATION,  
as Depositary Agent

STOCKHOLDER REPRESENTATIVE

By:  \_\_\_\_\_  
Richard Brown  
Vice President

By: \_\_\_\_\_



IN WITNESS WHEREOF, Broadcom and the Company, and, with respect to Section 7.2 only; the Stockholder Representative and the Depositary Agent, have caused this Agreement to be signed by their duly authorized representatives, all as of the date first written above.

PIVOTAL TECHNOLOGIES CORP.

BROADCOM CORPORATION

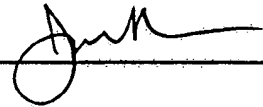
By: \_\_\_\_\_  
K. C. Murphy  
President and Chief Executive Officer

By: \_\_\_\_\_  
Henry T. Nicholas, III, Ph.D.  
President and Chief Executive Officer

U.S. STOCK TRANSFER CORPORATION,  
as Depositary Agent

STOCKHOLDER REPRESENTATIVE

By: \_\_\_\_\_  
Richard Brown  
Vice President

By: \_\_\_\_\_  


Attachment E  
to the Pivotal Technologies Corp. Disclosure  
Schedule



Section 2.16(a)

## Company Registered Intellectual Property

PATENTS		
Title	Appln No.	Filing
CMOS DAC with High Impedance Differential Current Drivers	09/383,068	8/25/99 12/6/99 Assign.
Test Bus Circuit and Associated Method	09/384,711	8/26/99 11/26/99 Assign.
Method and Apparatus for Efficient Mixed-Signal Processing in a Digital Amplifier	09/346,361	7/1/99
High Noise Rejection Oscillator Architecture - VCO Circuit	09/507,114	2/7/00
Active Termination for a Transmission Line	09/490,707	1/24/00
Apparatus and Method for Built-In Self-Test of A Data Communications System	Not Yet Assigned	3/25/00

TRADEMARKS			
	Mark Serial/Registration Number	Country	Class/Goods and Services
1.	<b>FULCRUM</b> Serial No. 75/794,506	United States	Integrated circuits and integrated circuit designs provided in an electronic format in Class 9  Integrated circuit design for others in Class 42
2.	<b>SPECTRUM</b> Serial No. 75/794,410	United States	Integrated circuits and integrated circuit designs provided in an electronic format in Class 9  Integrated circuit design for others in Class 42
3.	<b>PIVOTAL</b> Serial No. 75/802,423	United States	Integrated circuits and integrated circuit designs provided in an electronic format in Class 9  Integrated circuit design for others in Class 42
4.	<b>PIVOTAL</b> Serial No. pending	Canada	Integrated circuits and integrated circuit designs
5.	<b>PIVOTAL</b> Serial No. pending	China P.R.	Integrated circuits and integrated circuit designs in Class 9
6.	<b>PIVOTAL</b> Serial No. pending	China P.R.	Integrated circuit design for others in Class 42
7.	<b>PIVOTAL</b> Serial No. pending	Community Trademark <sup>†</sup>	Integrated circuits and integrated circuit designs in Class 9  Integrated circuit design for others in Class 42
8.	<b>PIVOTAL</b> Serial No. 200005292	Hong Kong	Integrated circuits and integrated circuit designs in Class 9
9.	<b>PIVOTAL</b> Serial No. 200005293	Hong Kong	Integrated circuit design for others in Class 42
10.	<b>PIVOTAL</b> Serial No. 200025174	Japan	Integrated circuits and integrated circuit designs in Class 9  Integrated circuit design for others in Class 42
11.	<b>PIVOTAL</b> Serial No. 20001178	South Korea	Integrated circuits and integrated circuit designs in Class 9  Integrated circuit design for others in Class 42
12.	<b>PIVOTAL</b> Serial No. pending	Singapore	Integrated circuits and integrated circuit designs provided in an electronic format in Class 9
13.	<b>PIVOTAL</b> Serial No. pending	Singapore	Integrated circuit design for others in Class 42

<sup>†</sup> Community Trademark (countries include Austria, Benelux (Belgium, Luxembourg and Netherlands), Denmark, Finland, France, Germany, Greece, Ireland, Italy, Portugal, Spain, Sweden and the United Kingdom)

TRADEMARKS			
	Mark Serial/Registration Number	Country	Class/Goods and Services
14.	PIVOTAL Serial No. pending	Taiwan	Integrated circuits and integrated circuit designs in Class 9
15.	PIVOTAL Serial No. pending	Taiwan	Integrated circuit design for others in Class 42
16.	PVT Serial No. 75/802,400	United States	Integrated circuits and integrated circuit designs provided in an electronic format in Class 9
17.	PVT Serial No. pending	Canada	Integrated circuit design for others in Class 42 Integrated circuits and integrated circuit designs
18.	PVT Serial No. pending	China P.R.	Integrated circuits and integrated circuit designs in Class 9
19.	PVT Serial No. pending	China P.R.	Integrated circuit design for others in Class 42
20.	PVT Serial No. pending	Community Trademark <sup>†</sup>	Integrated circuits and integrated circuit designs in Class 9
21.	PVT Serial No. 200005294	Hong Kong	Integrated circuit design for others in Class 42 Integrated circuits and integrated circuit designs in Class 9
22.	PVT Serial No. 200005295	Hong Kong	Integrated circuit design for others in Class 42
23.	PVT Serial No. 200025175	Japan	Integrated circuits and integrated circuit designs in Class 9
24.	PVT Serial No. 20001179	South Korea	Integrated circuit design for others in Class 42 Integrated circuits and integrated circuit designs in Class 9
25.	PVT Serial No. pending	Singapore	Integrated circuit design for others in Class 42 Integrated circuits and integrated circuit designs provided in an electronic format in Class 9
26.	PVT Serial No. pending	Singapore	Integrated circuit design for others in Class 42

<sup>†</sup> Community Trademark (countries include Austria, Benelux (Belgium, Luxembourg and Netherlands), Denmark, Finland, France, Germany, Greece, Ireland, Italy, Portugal, Spain, Sweden and the United Kingdom)

TRADEMARKS			
	Mark/ Serial/Registration Number	Country	Class/Goods and Services
27.	PVT Serial No. pending	Taiwan	Integrated circuits and integrated circuit designs in Class 9
28.	PVT Serial No.	Taiwan	Integrated circuit design for others in Class 42

Section 2.16(b)

Company Intellectual Property Not Exclusively Owned by the Company or Subject to a  
Lien  
Trademarks Used By the Company But Not Owned By the Company

Trademarks Used by the Company But Not Exclusively Owned by the Company

1. "ARM" under Trademark Linking Agreement, dated January 28, 2000, between the Company and ARM Limited.
2. "UMC" under Joint Marketing and Technical Support Agreement, dated \_\_\_\_\_, between the Company and United Microelectronics Corp.
3. "Bluetooth" under Adopters Agreement, dated May 7, 1999, between the Company and Intel Corporation.
4. "DVI" under Participant's Agreement, dated August 18, 1999, between the Company and Digital Display Working Group.
5. "VSIA" under Participant Agreement.
6. "TSMC" pursuant to email from cbyers@tsmc.com, dated November 11, 1999.
7. "UMC" under Joint Development, Marketing, and Technical Support Agreement, dated October 18, 1999, between the Company and United Microelectronics Corporation.
8. "Charter Semiconductor Manufacturing Limited" under Joint Marketing and Technical Support Agreement, dated May 25, 1998, between the Company and Chartered Semiconductor Manufacturing Ltd.

Potential Liens on Company Intellectual Property

1. Comdisco Leasing Line of Credit
2. Assignment of Deposit Account by and between Mellon US Leasing and the Company, dated November 1, 1999, in connection with Master Lease Agreement by and between Mellon US Leasing and the Company, dated November 1, 1999.
3. Rights of Holders of Series A Preferred Stock
4. Rights of Holders of Series B Preferred Stock

Section 2.16(c)

Company Intellectual Property Developed by a Person Other Than the Company But  
Being Used By the Company Without a Written Agreement

NONE



Section 2.16(d)

## Transfers and Licenses of Company Intellectual Property

1. Technology License Agreement, dated April 23, 1999, between the Company and Epigram, Inc.
2. License Agreement, dated February 10, 2000, between the Company and Gatefield Corporation.
3. Technology License Agreement, dated December 12, 1998, between the Company and Genesis Microchip, Inc.
4. License Agreement, dated May 21, 1999, between the Company and Intellon Corporation.
5. License Agreement, dated September 9, 1999, between the Company and Kawasaki Steel Corporation.
6. License Agreement, dated August 2, 1999, between the Company and Matrox Graphics, Inc.
7. License Agreement, dated December 5, 1999, between the Company and Pixelworks Incorporated.
8. Technology License and Product Development Agreement, dated September 23, 1998, between the Company and Pixelworks.
9. License Agreement, dated August 6, 1999, between the Company and Sony Semiconductor Europe.
10. License Agreement, dated January 28, 2000, between the Company and Signal Processing Technologies Incorporated.
11. License Agreement, dated December 7, 1999, between the Company and Texas Instruments Incorporated.
12. Porting and License Agreement, dated February 3, 2000, between the Company and Toshiba Corporation.
13. License Agreement, dated September 8, 1999, between the Company and Oren Semiconductor, Inc.
14. Joint Marketing and Technical Support Agreement, dated \_\_\_\_\_, between the Company and United Microelectronics Corp.
15. Joint Marketing and Technical Support Agreement, dated May 25, 1998, between the Company and Chartered Semiconductor Manufacturing Ltd.
16. Technology License Agreement, dated June 1, 1998, between Alameda Engineering Incorp. and Faraday Technology Corp.
17. Technology License Agreement, dated August 4, 1998, between the Company and Syntek Semiconductor.
18. Adopters Agreement, dated May 7, 1999, between the Company and Intel Corporation.
19. Joint Development, Marketing, and Technical Support Agreement, dated October 18, 1999, between the Company and United Microelectronics Corporation.
20. Board Loan and License Agreement, dated February 7, 2000, between the Company and MIPS Technologies, Inc.
21. Professional Services Agreement No. 99PIVO0907 and related Statement of Work, dated December 23, 1999, between the Company and Cadence Design Systems.

22. Representative Agreement, dated June 25, 1998, between the Company and Drexhill Technology Corporation.
23. Statement of Work, dated April 20, 1998, between the Alameda Engineering Incorp. and Metalink Transmission Devices.
24. Virtual Component Development Agreement, dated September 16, 1999, between the Company and Taiwan Semiconductor Manufacturing Co. Ltd.
25. Early Adopter Amendment, dated May 7, 1999, between the Company and Intel Corporation.
26. Participant's Agreement, dated August 18, 1999, between the Company and Digital Display Working Group.

Section 2.16(f)

Intellectual Property Contracts and Licenses  
Ownership of Improvements Made by Company to Intellectual Property Licensed to the  
Company

Intellectual Property Contracts and Licenses

1. Technology License Agreement, dated April 23, 1999, between the Company and Epigram, Inc.
2. License Agreement, dated February 10, 2000, between the Company and Gatefield Corporation.
3. Technology License Agreement, dated December 12, 1998, between the Company and Genesis Microchip, Inc..
4. License Agreement, dated May 21, 1999, between the Company and Intellon Corporation.
5. License Agreement, dated September 9, 1999, between the Company and Kawasaki Steel Corporation.
6. License Agreement, dated August 2, 1999, between the Company and Matrox Graphics, Inc.
7. License Agreement, dated December 5, 1999, between the Company and Pixelworks Incorporated.
8. Technology License and Product Development Agreement, dated September 23, 1998, between the Company and Pixelworks.
9. License Agreement, dated August 6, 1999, between the Company and Sony Semiconductor Europe.
10. License Agreement, dated January 28, 2000, between the Company and Signal Processing Technologies Incorporated.
11. License Agreement, dated December 7, 1999, between the Company and Texas Instruments Incorporated.
12. Porting and License Agreement, dated February 3, 2000, between the Company and Toshiba Corporation.
13. License Agreement, dated September 8, 1999, between the Company and Oren Semiconductor, Inc.
14. Joint Marketing and Technical Support Agreement, dated \_\_\_\_\_, between the Company and United Microelectronics Corp.
15. Letter of Intent, dated October 22, 1999, between the Company and Sage, Inc.
16. Software Development Agreement, dated October 5, 1999, between the Company and Apropos Software.
17. Trademark Linking Agreement, dated January 28, 2000, between the Company and ARM Limited.
18. Joint Marketing and Technical Support Agreement, dated May 25, 1998, between the Company and Chartered Semiconductor Manufacturing Ltd.
19. Representative Agreement, dated June 25, 1998, between the Company and Drexhill Technology Corporation.

20. Technology License Agreement, dated June 1, 1998, between Alameda Engineering Incorp. and Faraday Technology Corp.
21. Statement of Work, dated April 20, 1998, between the Alameda Engineering Incorp. and Metalink Transmission Devices.
22. Technology License Agreement, dated August 4, 1998, between the Company and Syntek SemiConductor.
23. Virtual Component Development Agreement, dated September 16, 1999, between the Company and Taiwan Semiconductor Manufacturing Co. Ltd.
24. Library Usage Agreement, dated November 11, 1999, between the Company and Taiwan Semiconductor Manufacturing Co., Ltd.
25. Confidential and Proprietary Technology License Agreement, dated May 1, 1998, between the Company and The Western Design Center Inc.
26. Participant's Agreement, dated August 18, 1999, between the Company and Digital Display Working Group
27. Adopters Agreement, dated May 7, 1999, between the Company and Intel Corporation.
28. Early Adopter Amendment, dated May 7, 1999, between the Company and Intel Corporation.
29. Membership and Application Agreement, dated March 8, 1999, between the Company and Business Wire.
30. Subscriber Agreement, dated July 29, 1999, between the Company and Intelligence Data Inc.
31. Website Development Agreement, dated August 26, 1999, between the Company and Enluminent Creative Media Group.
32. Statement of Work, dated October 1, 1999, between the Company and Cadence Design Systems and related Terms & Conditions.
33. Professional Services Agreement No. 99PIVO0907 and related Statement of Work, dated December 23, 1999, between the Company and Cadence Design Systems.
34. Customer Agreement, dated December 14, 1999, between the Company and Mentor Graphics
35. Representative Agreement, dated July 30, 1998, between the Company and SKA Systems Corporation.
36. Software License and Maintenance Schedule, dated April 14, 1999, between the Company and Avanti.
37. Engineering Services Agreement, dated January 18, 2000, between the Company and Comit Systems, Inc. and related Proposal for Test Chip Design, dated January 14, 2000.
38. Board Loan and License Agreement, dated February 7, 2000, between the Company and MIPS Technologies, Inc.
39. Intellectual Property Agreement, dated November 18, 1998, between the Company, Robert Schober, Nanopower Inc., BLSI, Alameda Engineering, Erlend Olson, and Stephen Petilli.
40. Joint Development, Marketing, and Technical Support Agreement, dated October 18, 1999, between the Company and United Microelectronics Corporation.
41. Membership and Application, dated March 8, 1999, between the Company and Business Wire.

42. Email from cbyers@tsmc.com, dated November 11, 1999 allowing the Company to use TSMC logo.
43. Intelliscope Subscriber Agreement, dated July 29, 1999, between the Company and Intelligence Data Inc.
44. Pivotal Technologies Consulting Agreement, dated May 9, 1998, between the Company and Ion Opris.
45. Pivotal Technologies Consulting Agreement, dated December 20, 1999, Nondisclosure Agreement, dated December 28, 1999, and Email Usage Agreement, dated September 18, 1999, between the Company and Daniel Shum.
46. Pivotal Technologies Consulting Agreement, dated August 13, 1999, between the Company and Yu-Sung Yao.
47. Pivotal Technologies Consulting Agreement, dated August 25, 1999, between the Company and Huan Vinh.
48. Pivotal Technologies Consulting Agreement, dated August 26, 1999, between the Company and Loc Duc Tien.
49. Pivotal Technologies Consulting Agreement, dated August 26, 1999, between the Company and Hoa Van Vo.
50. Pivotal Technologies Consulting Agreement, dated August 26, 1999, between the Company and Truong Tran.
51. Pivotal Technologies Consulting Agreement, dated September 3, 1999, between the Company and Transtechnic International, Inc.
52. Pivotal Technologies Consulting Agreement, dated January 19, 2000, between the Company and Wesley Walston.
53. Pivotal Technologies Consulting Agreement, dated March 22, 2000, between the Company and Wesley Walston.
54. Nondisclosure Agreement, dated December 20, 1999, and Pivotal Technologies Consulting Agreement, dated December 17, 1999, between the Company and Ali Zadeh.
55. Pivotal Technologies Consulting Agreement, dated October 30, 1999, between the Company and Long T. Doan.
56. Pivotal Technologies Consulting Agreement, dated July 14, 1999, between the Company and Carolina Flores Helizon.
57. Pivotal Technologies Consulting Agreement, dated September 20, 1999, between the Company and Paris C. Chen.
58. Pivotal Technologies Consulting Agreement, dated October 22, 1999, between the Company and Sung-II Hong.
59. Proprietary Information and Inventions Agreement, dated March 15, 1999, between the Company and K.C. Murphy.
60. Proprietary Information and Inventions Agreement, dated July 29, 1999, between the Company and Rajagopal B. Anantha Rao.
61. Proprietary Information and Inventions Agreement, dated September 27, 1999, between the Company and Charles Aragones.
62. Proprietary Information and Inventions Agreement, dated November 22, 1999, between the Company and Kimberly Rose Barberg.

63. Proprietary Information and Inventions Agreement, dated July 26, 1999, between the Company and Gloria C. Barham.
64. Proprietary Information and Inventions Agreement, dated April 17, 2000, between the Company and Jeffrey S. Bauch.
65. Proprietary Information and Inventions Agreement, dated July 22, 1999 between the Company and Richard S. Berard.
66. Proprietary Information and Inventions Agreement, dated July 27, 1999 , between the Company and John Bodendschutz.
67. Proprietary Information and Inventions Agreement, dated January 25, 2000 , between the Company and Gordon Burk.
68. Proprietary Information and Inventions Agreement, dated July 1, 1999, between the Company and Debra Bond Cancro.
69. Proprietary Information and Inventions Agreement, dated July 22, 1999, between the Company and Jessinia Cazares.
70. Proprietary Information and Inventions Agreement, dated February 28, 2000, between the Company and Kyu-Kim Chan.
71. Proprietary Information and Inventions Agreement, dated July 21, 1999, between the Company and Richard Chen.
72. Proprietary Information and Inventions Agreement, dated January 31, 2000, between the Company and Vivian Chou.
73. Proprietary Information and Inventions Agreement, dated July 22, 1999, between the Company and Arturo Del Castillo.
74. Proprietary Information and Inventions Agreement, dated July 22, 1999, between the Company and Richard Downs.
75. Proprietary Information and Inventions Agreement, dated October 12, 1999, between the Company and Dave Egert.
76. Proprietary Information and Inventions Agreement, dated July 21, 1999, between the Company and Linda V. Flechtner.
77. Proprietary Information and Inventions Agreement, dated July 21, 1999, between the Company and Doris Frisch.
78. Proprietary Information and Inventions Agreement, dated October 27, 1999, between the Company and Juliann Gibson.
79. Proprietary Information and Inventions Agreement, dated August 3, 1999, between the Company and David Grieg.
80. Proprietary Information and Inventions Agreement, dated October 28, 1998 between the Company and Dianne R. Hall.
81. Proprietary Information and Inventions Agreement, dated March 10, 1998, between the Company and Lynn E. Hall.
82. Proprietary Information and Inventions Agreement, dated February 2, 2000, between the Company and Leader Ho.
83. Proprietary Information and Inventions Agreement, dated July 21, 1999, between the Company and David Jensen.
84. Proprietary Information and Inventions Agreement, dated July 22, 1999, between the Company and Connie Jiang.
85. Proprietary Information and Inventions Agreement, dated October 6, 1999, between the Company and Judith Karkhoff.

86. Proprietary Information and Inventions Agreement, dated March 24, 2000, between the Company and Nyle Khan.
87. Proprietary Information and Inventions Agreement, dated July 26, 1999, between the Company and Karapet Khanoyan.
88. Proprietary Information and Inventions Agreement, dated April 11, 2000, between the Company and Ken Gin.
89. Proprietary Information and Inventions Agreement, dated July 29, 1999, between the Company and Randall Dana Kirwan.
90. Proprietary Information and Inventions Agreement, dated August 25, 1999, between the Company and Russel H. Lambert.
91. Proprietary Information and Inventions Agreement, dated July 28, 1999, between the Company and Seong-Ho Lee.
92. Proprietary Information and Inventions Agreement, dated August 17, 1999, between the Company and Sherman Lee.
93. Proprietary Information and Inventions Agreement, dated April 17, 2000, between the Company and Michael Lewis.
94. Proprietary Information and Inventions Agreement, dated July 21, 1999, between the Company and John H. Lin.
95. Proprietary Information and Inventions Agreement, dated July 26, 1999, between the Company and Bin Liu.
96. Proprietary Information and Inventions Agreement, dated March 17, 2000, between the Company and Robert Y. Liu.
97. Proprietary Information and Inventions Agreement, dated July 27, 1999, between the Company and Mark A. Lunsford.
98. Proprietary Information and Inventions Agreement, dated March 20, 2000, between the Company and Christopher T. Morse.
99. Proprietary Information and Inventions Agreement, dated July 21, 1999, between the Company and Wayne D. Music.
100. Proprietary Information and Inventions Agreement, dated July 27, 1999, between the Company and Vincent Ng.
101. Proprietary Information and Inventions Agreement, dated October 27, 1998, between the Company and Erlend Olsen.
102. Proprietary Information and Inventions Agreement, dated July 21, 1999, between the Company and Vonnice W. Pai.
103. Proprietary Information and Inventions Agreement, dated October 26, 1998, between the Company and Anthony S. Partow.
104. Proprietary Information and Inventions Agreement, dated July 21, 1999, between the Company and Christopher Pasqua.
105. Proprietary Information and Inventions Agreement, dated October 29, 1998, between the Company and Stephen Petilli.
106. Proprietary Information and Inventions Agreement, dated March 20, 2000, between the Company and Hao O. Phung.
107. Proprietary Information and Inventions Agreement, dated October 18, 1999, between the Company and Julie Ralcosi.
108. Proprietary Information and Inventions Agreement, dated October 20, 1999, between the Company and Terry L. Retzke.

109. Proprietary Information and Inventions Agreement, October 27, 1998, between the Company and David Rogoff.
110. Proprietary Information and Inventions Agreement, dated November 1, 1999, between the Company and V. David Sanchez.
111. Proprietary Information and Inventions Agreement, dated July 21, 1999, between the Company and Charles R. Speed.
112. Proprietary Information and Inventions Agreement, dated July 28, 1999 between the Company and David Stout.
113. Proprietary Information and Inventions Agreement, dated October 27, 1998, between the Company and John Thomas.
114. Proprietary Information and Inventions Agreement, dated July 26, 1999, between the Company and Kai-Yap Toh.
115. Proprietary Information and Inventions Agreement, dated July 22, 1999, between the Company and Tuan Trinh.
116. Proprietary Information and Inventions Agreement, dated September 7, 1999, between the Company and Vi Thuy Vu.
117. Proprietary Information and Inventions Agreement, dated April 17, 2000, between the Company and Cheng R. Liu.
118. Proprietary Information and Inventions Agreement, dated May 4, 1998, between the Company and David A. Watola.
119. Proprietary Information and Inventions Agreement, dated August 30, 1999, between the Company and Oleh J. Zajac.
120. Proprietary Information and Inventions Agreement, dated July 26, 1999, between the Company and Po Ngan Zee.
121. Proprietary Information and Inventions Agreement, dated October 25, 1999, between the Company and Yi-Hsien Doo, and Reminder of Obligations, dated January 14, 2000, signed by Yi-Hsien Doo.
122. Proprietary Information and Inventions Agreement, dated September 21, 1998, between the Company and Andrew K. Bosik, and Reminder of Obligations, dated March 28, 2000, signed by Andrew K. Bosik.
123. Proprietary Information and Inventions Agreement, dated July 26, 1999, between the Company and Annie Parkhurst, and Reminder of Obligations, dated October 1, 1999, signed by Annie Parkhurst.
124. Mutual Non-Disclosure Agreement, dated May 26, 1999, between the Company and 3Dfx Interactive, Inc.
125. Mutual Non-Disclosure Agreement, dated October 20, 1999, between the Company and 3Dfx Interactive, Inc.
126. Two Party Nondisclosure Agreement, dated March 9, 2000, between the Company and Agere, Inc.
127. Mutual Non-Disclosure Agreement, dated August 10, 1999, between the Company and Alteon Websystems.
128. Nondisclosure Agreement, dated June 16, 1999, between the Company and Advanced Micro Devices, Inc. (first)
129. Nondisclosure Agreement, dated June 16, 1999, between the Company and Advanced Micro Devices, Inc. (second)



130. Mutual Non-Disclosure Agreement, dated November 9, 1999, between the Company and Alntrim Design Systems, Inc.
131. Non-Disclosure Agreement, dated June 8, 1998, between the Company and Arithmos Incorporated.
132. Non Disclosure Agreement, dated November 4, 1998, between the Company and Associates Semiconductor & Eng. Co.
133. Non-Disclosure Agreement, dated July 16, 1999, between the Company and ATI Technologies, Inc.
134. Mutual Non-Disclosure Agreement, dated March 20, 2000, between the Company and Brecis Communications Corporation.
135. Joint Nondisclosure Agreement, dated March 20, 2000, between the Company and Broadcom Corporation.
136. Non-Disclosure Agreement, dated September 4, 1997, between the Company and Chartered Semiconductor Manufacturing Ltd.
137. Non-Disclosure Agreement, dated September 28, 1999, between the Company and Chartered Semiconductor Manufacturing Ltd.
138. Mutual Nondisclosure Agreement, dated January 7, 2000, between the Company and Cypress Semiconductor Corporation.
139. Mutual Non-Disclosure Agreement, dated January 20, 2000, between the Company and Dialog Semiconductor.
140. Confidentiality Agreement, dated November 16, 1999, between the Company and Embedded Performance, Inc.
141. Nondisclosure Agreement, dated April 3, 1998, between the Company and Epigram, Inc.
142. Mutual Non-Disclosure Agreement, dated October 6, 1999, between the Company and Gatefield Corporation.
143. Non Disclosure Agreement, dated May 17, 1999, between the Company and Gemplus S.C.A.
144. Bi-Lateral Non-Disclosure Agreement, dated September 30, 1998, between the Company and Genesis Microchip Inc.
145. Confidential Disclosure Agreement, dated July 20, 1999, between the Company and Harris Corporation.
146. Non-Disclosure Agreement, dated January 10, 2000, between the Company and Hitachi Europe Limited.
147. Confidentiality Agreement, dated November 16, 1999, between the Company and Embedded Performance, Inc.
148. Non Disclosure Agreement, dated October 7, 1998, between the Company and Hughes Network Systems.
149. Corporate Non-Disclosure Agreement, dated \_\_\_\_\_, 1999, between the Company and Intel Corporation.
150. Mutual Non-Disclosure Agreement, dated April 30, 1999, between the Company and Intellon Corporation.
151. Confidential Information and Nondisclosure Agreement, dated June 8, 1998, between the Company and Lattice Semiconductor Corporation.
152. Mutual Non-Disclosure Agreement, dated December 8, 1999, between the Company and Lehman Brothers Inc.

153. Mutual Non-Disclosure Agreement, dated November 8, 1999, between the Company and LG Electronics Inc.
154. Non Disclosure Agreement, dated November 6, 1998, between the Company and Lithics Silicon Technology.
155. Mutual Nondisclosure Agreement, dated August 6, 1999, between the Company and LSI Logic Corporation.
156. Mutual Nondisclosure Agreement, dated August 6, 1999, between the Company and LSI Logic Corporation.
157. Mutual Confidential Disclosure Agreement, dated November 12, 1999, between the Company and MIPS Technologies, Inc.
158. Bi-Lateral Non-Disclosure Agreement, dated January 3, 2000, between the Company and Myson Technology, Inc.
159. Mutual Non-Disclosure Agreement, dated June 28, 1999, between the Company and NEC Electronics, Inc.
160. Non-Disclosure Agreement, dated October 13, 1999, between the Company and NxtWave Communications, Inc.
161. Mutual Non-Disclosure Agreement, dated October 20, 1999, between the Company and NxtWave Communications.
162. Bi-Lateral Non-Disclosure Agreement, dated September 24, 1998, between the Company and Oren Semiconductor.
163. Mutual Non-Disclosure Agreement, dated August 6, 1998, between the Company and Pixelworks, Inc.
164. Mutual Non-Disclosure Agreement, dated August 9, 1999, between the Company and RealChip, Inc.
165. Mutual Non-Disclosure Agreement, dated August 13, 1999, between the Company and Sage, Inc.
166. Mutual Non-Disclosure Agreement, dated February 4, 1998, between the Company and Sand Microelectronics.
167. Mutual Non-Disclosure Agreement, dated March 21, 2000, between the Company and Sigmatel, Inc.
168. Mutual Non-Disclosure Agreement, dated February 2, 2000, between the Company and Sonics, Inc.
169. Mutual Non-Disclosure Agreement, dated \_\_\_\_13, 1999, between the Company and Sony United Kingdom Limited.
170. Mutual Non-Disclosure Agreement, dated February 24, 2000, between the Company and Spectrum REP Company.
171. Bi-Lateral Non-Disclosure Agreement, dated December 2, 1999, between the Company and Sunplus Technology Co., Ltd.
172. Bi-Lateral Non-Disclosure Agreement, dated July 20, 1998, between the Company and Syntek Semiconductor.
173. Non Disclosure Agreement, dated November 29, 1998, between the Company and Peter Robertson.
174. Non Disclosure Agreement, dated January 6, 2000, between the Company and Texas Instruments Incorporated.
175. Non-Disclosure Agreement, dated June 29, 1998, between the Company and Virata Limited.

176. Non Disclosure Agreement, dated October 23, 1998, between the Company and Toshiba Corporation.
177. Mutual Non-Disclosure Agreement, dated March 3, 2000, between the Company and Ultima Interconnect Technology.
178. Nondisclosure Agreement, dated February 8, 2000, between the Company and University of Southern California.
179. Mutual Non-Disclosure Agreement, dated February 8, 2000, between the Company and Vertex Networks.
180. Mutual Non-Disclosure Agreement, dated August 2, 1999, between the Company and Voyager Technologies, Inc.
181. Mutual Non-Disclosure Agreement, dated February 24, 2000, between the Company and Vtech Wireless, Inc.
182. Nondisclosure Agreement, dated September 24, 1999, between the Company and Chen Li.
183. Nondisclosure Agreement, dated October 14, 1999, between the Company and Zhigang Han.
184. Nondisclosure Agreement, dated October 29, 1999, between the Company and You-Jo Jeon.
185. Nondisclosure Agreement, dated October 14, 1999, between the Company and Zhigang Han.
186. Nondisclosure Agreement, dated October 14, 1999, between the Company and Hui Wu.
187. Nondisclosure Agreement, dated September 18, 1999, between the Company and Robert Teng.
188. Nondisclosure Agreement, dated October 29, 1999, between the Company and Knang-Seok Yang.
189. Nondisclosure Agreement, dated October 14, 1999, between the Company and Yong Xu.
190. Nondisclosure Agreement, dated October 31, 1999, between the Company and Efron Orozco.
191. Nondisclosure Agreement, dated October 18, 1999, between the Company and Shih-Hao Kuo.
192. Nondisclosure Agreement, dated October 16, 1999, between the Company and Tony Lai.
193. Nondisclosure Agreement, dated January 14, 2000, between the Company and Wesley Walston.

Ownership of Improvements Made by the Company to Intellectual Property Licensed to the Company

1. Joint Development, Marketing, and Technical Support Agreement, dated October 18, 1999, between the Company and United Microelectronics Corporation.
2. Board Loan and License Agreement, dated February 7, 2000, between the Company and MIPS Technologies, Inc.
3. Professional Services Agreement No. 99PIVO0907 and related Statement of Work, dated December 23, 1999, between the Company and Cadence Design Systems.

4. Technology License Agreement, dated April 23, 1999, between the Company and Epigram, Inc.
5. License Agreement, dated February 10, 2000, between the Company and Gatefield Corporation.
6. Technology License Agreement, dated December 12, 1998, between the Company and Genesis Microchip, Inc.
7. License Agreement, dated May 21, 1999, between the Company and Intellon Corporation.
8. License Agreement, dated September 9, 1999, between the Company and Kawasaki Steel Corporation.
9. License Agreement, dated August 2, 1999, between the Company and Matrox Graphics, Inc.
10. License Agreement, dated December 5, 1999, between the Company and Pixelworks Incorporated.
11. Technology License and Product Development Agreement, dated September 23, 1998, between the Company and Pixelworks.
12. License Agreement, dated August 6, 1999, between the Company and Sony Semiconductor Europe.
13. License Agreement, dated December 7, 1999, between the Company and Texas Instruments Incorporated.
14. Porting and License Agreement, dated February 3, 2000, between the Company and Toshiba Corporation.
15. License Agreement, dated September 8, 1999, between the Company and Oren Semiconductor, Inc.
16. License Agreement, dated January 28, 2000, between the Company and Signal Processing Technologies Incorporated.
17. Joint Marketing and Technical Support Agreement, dated \_\_\_\_\_, between the Company and United Microelectronics Corp.
18. Trademark Linking Agreement, dated January 28, 2000, between the Company and ARM Limited.
19. Technology License Agreement, dated June 1, 1998, between Alameda Engineering Incorp. and Faraday Technology Corp.
20. Statement of Work, dated April 20, 1998, between the Alameda Engineering Incorp. and Metalink Transmission Devices.
21. Technology License Agreement, dated August 4, 1998, between the Company and Syntek SemiConductor.
22. Adopters Agreement, dated May 7, 1999, between the Company and Intel Corporation.
23. Early Adopter Amendment, dated May 7, 1999, between the Company and Intel Corporation.
24. Participant's Agreement, dated August 18, 1999, between the Company and Digital Display Working Group.
25. Pivotal Technologies Consulting Agreement, dated May 9, 1998, between the Company and Ion Opris.

Section 2.16(i)

Company Action that Must Be Taken  
In Relation to Company Registered Intellectual Property

<b>PIVOTAL TECHNOLOGIES PATENT DUE DATES APPROACHING WITHIN THE 180 DAYS FROM APRIL 19, 2000</b>				
<i>U.S. Patent Applications</i>				
<b>Title</b>	<b>Application Serial No.</b>	<b>Applicatio n Filing Date</b>	<b>Docket No.</b>	<b>Approaching Deadline(s)</b>
CMOS DAC with High Impedance Differential Current Drivers	09/383,068	08/25/99	41367-2000100	Foreign Filing due by 08/25/00
Test Bus Circuit and Associated Method	09/384,711	08/26/99	41367-2000200	Foreign Filing due by 08/26/00
Method and Apparatus for Efficient Mixed-Signal Processing in a Digital Amplifier	09/346,361	07/01/99	41367-2000300	
High Noise Rejection Oscillator Architecture-VCO Circuit	09/507,114	02/17/00	41367-2000400	
Active Termination for a Transmission Line	09/490,707	01/24/00	41367-2000500	Information Disclosure Statement due 04/24/00
Apparatus and Method for Built-In Self-Test of A Data Communications System	Not Yet Assigned	03/24/00	41367-2000600	Information Disclosure Statement due 06/24/00

NOTE: ALL PATENT FILINGS ARE SUBJECT TO ADDITIONAL ACTIONS, FILINGS, RESPONSES, DISCLOSURES AND DEFENSES IN RESPONSE TO REQUESTS FROM THE PATENT AND TRADEMARK OFFICE, ANY THIRD PARTY OBJECTIONS OR FILINGS, OR OTHER POSSIBLE EVENTS.

TRADEMARKS				
#	Mark Serial/Registration Number	Country	Class/Goods and Services	Status
1.	<b>FULCRUM</b> Serial No. 75/794,506	United States	Integrated circuits and integrated circuit designs provided in an electronic format in Class 9  Integrated circuit design for others in Class 42	ITU Filed 9/8/1999  To be Published 04/25/2000
2.	<b>SPECTRUM</b> Serial No. 75/794,410	United States	Integrated circuits and integrated circuit designs provided in an electronic format in Class 9  Integrated circuit design for others in Class 42	ITU Filed 9/8/1999  To be Published 04/25/2000
3.	<b>PIVOTAL</b> Serial No. 75/802,423	United States	Integrated circuits and integrated circuit designs provided in an electronic format in Class 9  Integrated circuit design for others in Class 42	ITU Filed 9/16/1999  To be Published 04/25/2000
4.	<b>PIVOTAL</b> Serial No. pending	Canada	Integrated circuits and integrated circuit designs	Filed 3/14/2000  No action
5.	<b>PIVOTAL</b> Serial No. pending	China P.R.	Integrated circuits and integrated circuit designs in Class 9	Filed 3/15/2000  No action
6.	<b>PIVOTAL</b> Serial No. pending	China P.R.	Integrated circuit design for others in Class 42	Filed 3/15/2000  No action
7.	<b>PIVOTAL</b> Serial No. pending	Community Trademark†	Integrated circuits and integrated circuit designs in Class 9	Filed 3/14/2000

† Community Trademark (countries include Austria, Benelux (Belgium, Luxembourg and Netherlands), Denmark, Finland, France, Germany, Greece, Ireland, Italy, Portugal, Spain, Sweden and the United Kingdom)

TRADEMARKS				
#	Mark Serial/Registration Number	Country	Class/Goods and Services	Status
				No action
8.	PIVOTAL Serial No. 200005292	Hong Kong	Integrated circuit design for others in Class 42 Integrated circuits and integrated circuit designs in Class 9	Filed 3/14/2000  No action
9.	PIVOTAL Serial No. 200005293	Hong Kong	Integrated circuit design for others in Class 42	Filed 3/14/2000  No action
10.	PIVOTAL Serial No. 200025174	Japan	Integrated circuits and integrated circuit designs in Class 9	Filed 3/14/2000  No action
11.	PIVOTAL Serial No. 20001178	South Korea	Integrated circuit design for others in Class 42 Integrated circuits and integrated circuit designs in Class 9	Filed 3/15/2000  No action
12.	PIVOTAL Serial No. pending	Singapore	Integrated circuit design for others in Class 42 Integrated circuits and integrated circuit designs provided in an electronic format in Class 9	Foreign Filing instruction letter sent to associate 03/13/2000  No action
13.	PIVOTAL Serial No. pending	Singapore	Integrated circuit design for others in Class 42	Foreign Filing instruction letter sent to associate 03/13/2000  No action

Section 2.16(i)

TRADEMARKS				
#	Mark Serial/Registration Number	Country	Class/Goods and Services	Status
14.	PIVOTAL Serial No. pending	Taiwan	Integrated circuits and integrated circuit designs in Class 9	Foreign Filing instruction letter sent to associate 03/13/2000  No action
15.	PIVOTAL Serial No. pending	Taiwan	Integrated circuit design for others in Class 42	Foreign Filing instruction letter sent to associate 03/13/2000  No action
16.	PVT Serial No. 75/802,400	United States	Integrated circuits and integrated circuit designs provided in an electronic format in Class 9  Integrated circuit design for others in Class 42	ITU Filed 9/16/1999  To be Published 04/25/2000
17.	PVT Serial No. pending	Canada	Integrated circuits and integrated circuit designs	Filed 3/14/2000  No action
18.	PVT Serial No. pending	China P.R.	Integrated circuits and integrated circuit designs in Class 9	Filed 3/15/2000  No action
19.	PVT Serial No. pending	China P.R.	Integrated circuit design for others in Class 42	Filed 3/15/2000  No action

Section 2.16(i)



TRADEMARKS				
#	Mark Serial/Registration Number	Country	Class/Goods and Services	Status
20.	PVT Serial No. pending	Community Trademark†	Integrated circuits and integrated circuit designs in Class 9	Filed 3/14/2000 No action
21.	PVT Serial No. 200005294	Hong Kong	Integrated circuit design for others in Class 42	Filed 3/14/2000 No action
22.	PVT Serial No. 200005295	Hong Kong	Integrated circuits and integrated circuit designs in Class 9	Filed 3/14/2000 No action
23.	PVT Serial No. 200025175	Japan	Integrated circuit design for others in Class 42	Filed 3/14/2000 No action
24.	PVT Serial No. 20001179	South Korea	Integrated circuits and integrated circuit designs in Class 9	Filed 3/15/2000 No action
25.	PVT Serial No. pending	Singapore	Integrated circuit design for others in Class 42	Foreign Filing instruction letter sent to associate 03/13/2000
26.	PVT Serial No. pending	Singapore	Integrated circuits and integrated circuit designs provided in an electronic format in Class 9	Foreign Filing instruction letter sent to associate 03/13/2000

† Community Trademark (countries include Austria, Benelux (Belgium, Luxembourg and Netherlands), Denmark, Finland, France, Germany, Greece, Ireland, Italy, Portugal, Spain, Sweden and the United Kingdom)

Section 2.16(i)

TRADEMARKS				
#	Mark Serial/Registration Number	Country	Class/Goods and Services	Status
27.	PVT Serial No. pending	Taiwan	Integrated circuits and integrated circuit designs in Class 9	Foreign Filing instruction letter sent to associate 03/13/2000
28.	PVT Serial No.	Taiwan	Integrated circuit design for others in Class 42	Foreign Filing instruction letter sent to associate 03/13/2000

NOTE: ALL TRADEMARK FILINGS ARE SUBJECT TO ADDITIONAL ACTIONS, FILINGS, RESPONSES, DISCLOSURE AND DEFENSES IN RESPONSE TO REQUESTS FROM THE PATENT AND TRADEMARK OFFICE, ANY THIRD PARTY OBJECTIONS OR FILINGS, OR OTHER POSSIBLE EVENTS.

COPY

**STATEMENT REGARDING CONFIDENTIALITY  
AND INVENTION ASSIGNMENT AGREEMENT**

Attached to this statement is your Confidentiality and Invention Assignment Agreement ("Agreement") with Broadcom Corporation (the "Company").

Please take your time to review the Agreement carefully. The Agreement contains material restrictions on your right to disclose or use, during or subsequent to your employment, information learned or developed by you during your employment.

The Company considers this Agreement to be vitally important to the protection of its business. The Company intends to enforce the terms of the Agreement and to seek appropriate injunctions or restraining orders, as well as money damages, should you violate the Agreement.

If you have any questions concerning the Agreement, you may wish to consult an attorney. The employees and agents of the Company are not authorized to, and will not give you legal advice concerning the Agreement.

If you have read and understand the Agreement, and if you agree to its terms and conditions, please return a fully executed copy thereof to the Company, retaining one copy for yourself.

Reviewed and Understood:

Dated: 5-19-00



\_\_\_\_\_  
(Signature of Employee)

Erlend Olson  
(Print Name of Employee)

## **CONFIDENTIALITY AND INVENTION ASSIGNMENT AGREEMENT**

THIS CONFIDENTIALITY AND INVENTION ASSIGNMENT AGREEMENT ("Agreement") is entered into on May 19th, 2000, between Broadcom Corporation (the "Company") and Erlend Olson, ("Employee").

In consideration of Employee's employment by the Company and the compensation paid to Employee, Employee hereby acknowledges and agrees with the Company as follows:

### **Part 1. Effectiveness**

This Agreement shall become effective on the earlier of (1) the commencement of Employee's employment with the Company, or (2) the date and time at which any Confidential Information (as defined in Section 2.1 below) was or is first disclosed to Employee.

### **Part 2. Protection of Company's Confidential Information; Noncompetition**

**2.1 Confidential Information.** The Company has and will develop, compile, and own certain proprietary techniques and confidential information that have great value in its business (said techniques and information are referred to in this Agreement collectively as ("Confidential Information"). The Company has and will also have access to Confidential Information of its Clients. ("Clients" shall mean any persons or entities for whom the Company performs services or from whom the Company or Employee obtains information). Confidential Information includes not only information disclosed by the Company or its Clients to Employee in the course of his or her employment, but also information developed or learned by Employee during the course of his or her employment with the Company, such as Inventions (as defined in Section 4.1 below). Confidential Information includes all information that has or could have commercial value or other utility in the business in which the Company or Clients are engaged or in which they contemplate engaging. Confidential Information also includes all information of which the unauthorized disclosure is or could be detrimental to the interests of the Company or Clients, whether or not such information is identified as Confidential Information by the Company or Clients. By example and without limitations, Confidential Information includes any and all

information concerning teaching techniques, processes, formulas, trade secrets, inventions, discoveries, improvements, research or development and test results, specifications, data, know-how, formats, marketing plans, business plans, strategies, forecasts, unpublished financial information, budgets, projections, and customer supplier identities, characteristics and agreements.

**2.2 Protection of Confidential Information.** Employee agrees that at all times during or after his or her employment, he or she will hold in trust, keep confidential, and not disclose to any third party or make use of the Confidential Information of the Company or Clients and in the course of his or her employment with the Company. Employee further agrees not to cause the transmission, removal, or transport of Confidential Information or Inventions from the Company's principal place of business at 16215 Alton Parkway, Irvine, CA 92618, or such other place of business specified by the Company, without prior written approval of the President of the Company (the "President"). In the event that Employee desires to publish the results of his or her work for the Company through literature or speeches, Employee agrees to submit such literature or speeches to the President at least ten (10) days before dissemination of such information for a determination of whether such disclosure may destroy trade secret status or be highly prejudicial to the interests of the Company or its Clients, or whether disclosure may constitute an invasion of their privacy. Employee agrees not to publish, disclose, or otherwise disseminate such information without prior written approval of the President. Employee acknowledges that he or she is aware that the unauthorized disclosure of Confidential Information of the Company or its Clients may be highly prejudicial to their interests, an invasion of privacy, and an improper disclosure of trade secrets. Whenever the approval, designation, specification, or other act of the President is required under this Agreement, the President may, by written designation, authorize an agent of the Company to perform such act.

**2.3 Noncompetition During Employment.** Except with the express prior written consent of the President, Employee agrees that he or she will not, during the period of his or her employment with the Company; (1) engage in any employment or activity other than for the Company in any business in which the Company is engaged or contemplates engaging; (2) induce any other employee of or consultant to the Company to engage in any such employment

or activity; or (3) solicit any Clients or potential Clients of the Company for services similar to those performed by the Company even though not directly competitive with such services.

### **Part 3. Prior Knowledge and Relationships**

**3.1 Prior Knowledge and Inventions.** Except as disclosed on Schedule A to this Agreement, Employee does not know anything about the Company's Confidential Information, other than the information he or she has learned from the Company. Employee has also disclosed on Schedule A, a complete list of all Inventions proprietary to Employee and which Employee wants to exclude from the application of this Agreement. The Company agrees to receive and hold all such disclosures in confidence.

**3.2 Prior Commitments.** Employee has no other agreements, relationships, or commitments to any other person or entity that conflict with Employee's obligations to the Company under this Agreement.

**3.3 Proprietary Information or Trade Secrets of Others.** Employee will not disclose to the Company, or use, or induce the Company to use, any proprietary information or trade secrets of others. Employee represents and warrants that he or she has returned all property and Confidential Information belonging to all prior employers.

### **Part 4. Assignment of Employee Inventions**

**4.1 Disclosure.** Employee will promptly disclose in writing, to the Company, all discoveries, developments, designs, ideas, improvements, inventions, formulas, programs, devices, processes, techniques, know-how, data and original materials, (whether or not patentable or registerable, under copyright or similar statutes) made, conceived, reduced to practice, or learned by Employee (either alone or jointly with others) during the period of his or her employment, that are related to or useful in the business of the Company, or which result from tasks assigned to Employee by the Company, or from the use of premises owned, leased, or otherwise acquired by the Company, (all of the foregoing are referred to in this Agreement as "Inventions"). As used herein, the term Inventions shall include, without limitation, all notes, records, specifications, flow charts and documentation relating to the Inventions.

**4.2 Assignment of Inventions.** Employee acknowledges and agrees that all Inventions belong to and shall be the sole property of the Company and shall be Inventions of the Company subject to the provisions of this Agreement. Employee irrevocably assigns to the Company all right, title, and interest Employee may have or may acquire in and to all Inventions, including, without limitation, copyright, trademark, trade secret, patent and mask work right. Employee acknowledges and agrees that no rights relating to any Invention are reserved to Employee. Employee agrees to sign and deliver to the Company (either during or subsequent to his or her employment) such other documents as the Company considers desirable to evidence or effect the assignment of all rights of Employee, if any, in any Inventions to the Company and the Company's ownership of such Inventions. Any provision in this Agreement requiring Employee to assign rights to an Invention does not apply to any Invention that qualifies under California Labor Code §2870, which section is reproduced in the Written Notification to Employee attached to this Agreement as Schedule B.

**4.3 Power of Attorney.** In the event the Company is unable to secure Employee's signature on any document necessary to apply for, prosecute, obtain, or enforce any patent, copyright, or other right or protection relating to any Invention, whether due to mental or physical incapacity or other cause, Employee hereby irrevocably designates and appoints the Company and each of its duly authorized officers and agents as his or her agent and attorney-in-fact, to act for and in his or her behalf and stead to execute and file any such documents and to do all other lawfully permitted acts to further the prosecution, issuance, and enforcement of patents, copyrights, or other rights or protections with the same force and effect as if executed and delivered by the Employee.

## **Part 5. Termination of Employment**

**5.1 Delivery of Documents and Data on Termination of Employment.** In the event of termination (voluntary or otherwise) of Employee's employment with the Company, Employee agrees, promptly and without request, to deliver to and inform the Company of all documents and data pertaining to his or her employment and the Confidential Information and Inventions of the Company or Clients, whether prepared by Employee or otherwise coming into his or her possession or control, and to sign the Termination Certification attached to this

Agreement as Schedule C. Employee will not retain any written or other tangible material containing any information concerning or disclosing any of the Confidential Information or Inventions of the Company or Clients. Employee recognizes that the unauthorized taking of any of the Company's trade secrets is a crime under California Penal Code §499(c) and is punishable by imprisonment in a state prison or in a county jail for a time not exceeding one year, or by a fine not exceeding five thousand dollars (\$5,000), or by both such fine and such imprisonment. Employee further recognizes that such unauthorized taking of the Company's trade secrets could also result in civil liability under California's Uniform Trade Secrets Act (Civil Code §§3426-3426.1), and that willful misappropriation may result in an award against Employee for triple the amount of the Company's damages and the Company's attorneys' fees in collecting such damages.

**5.2 Obligations of Employee After Termination of Employment.** In the event of termination (voluntary or otherwise) of Employee's employment with the Company, Employee agrees that he or she will protect the value of Confidential Information and Inventions of the Company and Clients and will prevent their misappropriation or disclosure. Employee will not disclose or use to his or her benefit (or the benefit of any third party) or to the detriment of the Company or its Clients any Confidential Information or Invention. Employee further agrees that for a period of one year immediately following termination (voluntary or otherwise) of Employee's employment with the Company, Employee shall not interfere with the business of the Company by inducing an employee to leave the Company's employ or by inducing a consultant to sever the consultant's relationship with the Company.

## **Part 6. Additional Provisions**

**6.1 Injunction Relief.** Because Employee's breach of this Agreement may cause the Company irreparable harm for which money is inadequate compensation, Employee agrees that the Company will be entitled to injunctive relief to enforce this Agreement, in addition to damages and other available remedies.

**6.2 Attorneys' Fees.** If any action is necessary to enforce this Agreement, the prevailing party shall be entitled to recover its attorneys' fees.



**6.3 Understanding.** Employee acknowledges and agrees that the protections set forth in this agreement are a material condition to his or her employment with and compensation by the Company.

**6.4 Amendment and Binding Effect.** This Agreement may not be amended except by an instrument in writing signed by both parties. This Agreement shall be binding on the heirs, executors, administrators, and other legal representatives and assigns of Employee, and is for the benefit of the Company and its successors and assigns.

**6.5 Governing Law.** This Agreement shall be governed by the laws of the State of California.

**6.6 Entire Understanding.** This Agreement expresses the entire understanding of the parties about the described subject matter.

**6.7 Cumulative Remedies.** Each and all of the several rights and remedies provided for in this Agreement shall be cumulative. No one right or remedy shall be exclusive of the others or of any right or remedy allowed in law or in equity. No waiver or indulgence by the Company of any failure by Employee to keep or perform any promise or condition of this Agreement shall be a waiver of any preceding or succeeding breach of the same or any promise or condition. No waiver by the Company or any right shall be construed as a waiver of any other right. The Company shall not be required to give notice to enforce strict adherence to all terms of this Agreement.

**6.8 Severability.** If a court finds any provision of this Agreement invalid or unenforceable as applied to any circumstance, the remainder of this Agreement and the application of such provision to other persons or circumstances shall be interpreted to as best to effect the intent of the parties hereto. The parties further agree to replace any such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business, and other purposes of the void or unenforceable provision.


**6.9 Employment at Will.**

Employment and compensation can be terminated, with or without cause, and with or without notice, at any time, at the option of the Company or the Employee. Nothing contained in this Agreement shall limit or otherwise alter the foregoing.

CAUTION: THIS AGREEMENT AFFECTS YOUR RIGHTS TO INVENTIONS YOU MAKE DURING YOUR EMPLOYMENT, AND RESTRICTS YOUR RIGHT TO DISCLOSE OR USE THE COMPANY'S CONFIDENTIAL INFORMATION DURING OR SUBSEQUENT TO YOUR EMPLOYMENT.

EMPLOYEE HAS READ THIS AGREEMENT CAREFULLY AND UNDERSTANDS ITS TERMS. EMPLOYEE HAS COMPLETELY FILLED OUT SCHEDULE A TO THIS AGREEMENT AND HAS RECEIVED A COPY OF THE WRITTEN NOTIFICATION TO EMPLOYEE CONTAINING LABOR CODE §2870.

Dated: 5-19-00

  
(Signature of Employee)

Address for Notifications

Erlend Olson  
(Name of Employee)

3329 Shady lawn Drive  
(Street Address)

Duarte, CA 91010  
(City, State, Zip Code)

BROADCOM CORPORATION

A California corporation

By: 

Dated: 5/19/00

## SCHEDULE A. EMPLOYEE STATEMENT

1. **Confidential Information.** Except as set forth below, I acknowledge at this time that I know nothing about the business or Confidential Information or Inventions of the Company or its Clients, except information that has been disclosed to me by the Company or its Clients (if none, so state): (specify information known about the Company or its Clients)

NONE

2. **Prior Inventions.** Except as set forth below, I acknowledge at this time that I have not made or reduced to practice (alone or jointly with others) any inventions (if none, so state): (specify inventions)

NONE

3. **Conflicting Relationships.** Except as set forth below, I acknowledge that I have no other current or prior agreements, relationships, or commitments that conflict with my relationship with the Company under my Confidentiality and Inventions Assignment Agreement (if none, so state): (specify inventions)

NONE

Dated: 5-19-00



(Signature of Employee)

Erlend O/son  
(Print Name of Employee)

## **SCHEDULE B. WRITTEN NOTIFICATION TO EMPLOYEE**

In accordance with California Labor Code §2872, you are hereby notified that your Confidentiality and Inventions Assignment Agreement does not require you to assign the Company any Invention for which no equipment, supplies, facility or trade secret information of the Company was used and that was developed entirely on your own time, and does not relate to the business of the Company or to the Company's actual or demonstrably anticipated research or development, or does not result from any work performed by you for the Company.

Following is the text of California Labor Code §2870:

“(a) any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or

(2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to the assigned under subdivision (a), the provision is against the public policy of its state and is unenforceable.”

I hereby acknowledge receipt of this written notification.

Dated: 5-19-00

  
(Signature of Employee)

Erlend Olson  
(Print Name of Employee)